



**Canadian
Intellectual Property
Office**

An Agency of
Industry Canada

**Office de la propriété
intellectuelle
du Canada**

Un organisme
d'Industrie Canada



Annual Report 2005-06

Moving forward strategically



Canada

CIPO  OPIC

Canadian Intellectual Property Office Annual Report 2005–06

Moving forward strategically

www.cipo.gc.ca

This publication is available upon request in accessible formats. Contact the Client Service Centre at the numbers listed below.

For further information or to obtain additional copies of this publication, please contact:

Client Service Centre

Canadian Intellectual Property Office
Industry Canada
Place du Portage I
Room C-229, 2nd Floor
50 Victoria Street
Gatineau QC K1A 0C9

Tel.: 819-997-1936

Fax: 819-953-7620

Email: cipo.contact@ic.gc.ca

This publication is also available electronically on the World Wide Web (www.cipo.gc.ca).

Permission to reproduce

Except as otherwise specifically noted, the information in this publication may be reproduced, in part or in whole and by any means, without charge or further permission from the Canadian Intellectual Property Office (CIPO), provided that due diligence is exercised in ensuring the accuracy of the information reproduced, that CIPO is identified as the source institution, and that the reproduction is not represented as an official version of the information reproduced, nor as having been made in affiliation with, or with the endorsement of, CIPO.

For permission to reproduce the information in this publication for commercial redistribution, please email: copyright.droitdauteur@pwgsc.gc.ca

Cat. No. Iu71-2006

ISBN 0-662-49527-6

54344B



About us

The Canadian Intellectual Property Office (CIPO), a special operating agency of Industry Canada, is responsible for administering Canada's system of intellectual property (IP) rights, namely patents, trade-marks, copyrights, industrial designs and integrated circuit topographies.

CIPO's key functions include:

- assessing and granting requests for IP rights;*
- disseminating the technical information underlying these creations to allow other inventors to build on existing innovations;*
- encouraging invention, innovation and creativity in Canada;*
- providing expert advice on IP administration to other countries; and*
- promoting Canada's IP interests internationally.*

Specifically, CIPO receives and examines applications for trade-marks, patents, copyrights, industrial designs and integrated circuit topographies; grants and registers these IP rights; and administers their renewal, assignment and transfer. It also oversees the qualifying examinations for patent and trade-mark agents. Its primary clients are applicants for IP protection, agents representing those applicants, exploiters of IP systems and the Canadian business community.

CIPO provides IP information via its website (www.cipo.gc.ca) and through publicly accessible databases. It is responsible for publishing the Trade-marks Journal and the Canadian Patent Office Record; and also publishes information guides on its products, bulletins, reports and news releases. To facilitate and encourage the acquisition of IP rights and the exploitation of IP information, CIPO also has a program to raise awareness of the value of IP amongst the Canadian business community, innovators and creators.



Vision, mission and values

Vision

To be the leading intellectual property office recognized for excellence in our products and services and for strengthening Canada's innovative capacity, through ongoing quality improvement, continuous development of our employees and adherence to our values.

Mission

To accelerate Canada's economic development by:

- **fostering** the use of the intellectual property (IP) system and the exploitation of IP information;
- **encouraging** invention, innovation and creativity in Canada;
- **administering** the IP system in Canada (patents, trade-marks, copyrights, industrial designs and integrated circuit topographies); and
- **promoting** Canada's international IP interests.

Values

Integrity

Fairness

Respect

Efficiency

Trust

Quality

Continuous improvement



**Canadian
Intellectual Property
Office**

An Agency of
Industry Canada

**Office de la propriété
intellectuelle
du Canada**

Un organisme
d'Industrie Canada

Our client service commitment

By telephone

- We answer your call with courtesy and efficiency and, if necessary, refer you to the appropriate officer to deal with your enquiry in the official language of your choice.
- We record all voice mail greetings clearly and bilingually.
- We listen to voice messages at least once a day and return your call by the end of the next business day.

In person

- We greet you in the official language of your choice.
- We provide you with access to an Information Officer at the Client Service Centre to deal with your enquiry within 10 minutes.
- If you wish to meet with a specialist, you must make an appointment beforehand.

General mail, email and fax enquiries

- We correspond with you in the official language of your choice.
- We acknowledge general correspondence and fax requests within five working days.
- We acknowledge requests by email within two working days.

If you wish to formally register feedback concerning any of the products and services offered by CIPO, please use our online feedback mechanism located on CIPO's website by selecting the "Contact Us" button.

How to reach us

Canadian Intellectual Property Office
Place du Portage I
Room C-229, 2nd Floor
50 Victoria Street
Gatineau QC K1A 0C9

For general enquiries:
Tel.: 819-997-1936
Fax: 819-953-7620
Email: cipo.contact@ic.gc.ca
Website: www.cipo.gc.ca

Canada

CIPO  OPIC

Acronyms and initialisms

ANCAFA	Accumulated net charge against the fund's authority
APEC	Asia-Pacific Economic Cooperation
CIPO	Canadian Intellectual Property Office
CMM	Capability Maturity Model
CRM	Client relationship management
DCA	Deferred capital assistance
EDRMS	Electronic Document and Records Management System
EPIC	Electronic Publishing at Industry Canada
EPO	European Patent Office
FTE	Full-time equivalent
HR	Human resources
ICTs	Integrated circuit topographies
IP	Intellectual property
IPC	International Patent Classification
IPEA	International Preliminary Examining Authority
IPEG	Intellectual Property Rights Experts' Group
IPO	IP office
IPRP	International Preliminary Report on Patentability
ISA	International Searching Authority
IT	Information technology
JPO	Japan Patent Office
LDP	Leadership Development Program
PAB	Patent Appeal Board
PCT	Patent Cooperation Treaty
SIPO	State Intellectual Property Office of the People's Republic of China
TAT	Turnaround time
TMB	Trade-marks Branch
TMOB	Trade-marks Opposition Board
USPTO	United States Patent and Trademark Office
WIPO	World Intellectual Property Organization

Contents

MESSAGE FROM THE CEO	1
THE YEAR AT A GLANCE	2
BACKGROUND	4
INTERNAL PROCESS THEMES	6
Operational excellence	6
Trade-marks Branch	6
Trade-marks Opposition Board	7
Patent Branch	7
Patent Appeal Board	8
Copyright and Industrial Design Branch	8
Copyrights	8
Industrial designs	8
Integrated circuit topographies	9
A modern IP framework	9
Client-centred service	10
Understanding clients' needs	10
Integrating client feedback	10
Improving communications	11
Advance an IP culture	11
Delivering quality IP services, products and information	11
Raising awareness of IP systems and information	12
International influence	12
Advancing Canada's international IP interests	13
MANAGEMENT AND FISCAL EXCELLENCE	14
Exercising rigorous stewardship of resources	14
Strategic planning, comptrollership and performance measurement	15
STRATEGIC ASSET READINESS	16
Our people and culture	16
Attracting and retaining a qualified and productive workforce	16
Employees are well informed of and aligned to corporate strategy	18
Our information and technology	18
Quality IT systems, infrastructure and processes	18
Integrated data and information	18
AUDITED FINANCIAL STATEMENTS	19
Management report	19
Notes to financial statements	25
ADDITIONAL FINANCIAL INFORMATION	28
Revolving fund	28
Management report	28
Balance sheet	28
Income statement	29

Appendices

Appendix A	Organizational structure 2005–06	30
Appendix B	Financial charts	31
Appendix C	Statistics	33
Appendix D	Client service standards	47
Appendix E	Management team and business development officers	50

Tables

Table 1	Product output	33
Table 2	Trade-mark applications filed by language	34
Table 3	Trade-mark applications filed and registered by province/territory	34
Table 4	Top 10 trade-mark applicants	34
Table 5	Top 10 trade-mark registrants	34
Table 6	Trade-marks Opposition Board — Operational statistics	34
Table 7	Trade-mark applications filed and registered by origin as stated by applicant	35
Table 8	Patent applications filed by language	37
Table 9	Patent applications filed, requests for examination and grants by discipline	37
Table 10	Patent applications filed and granted to residents of Canada and foreign countries	38
Table 11	Top 10 patent applicants	38
Table 12	Top 10 patentees	38
Table 13	Patent Appeal Board — Operational statistics	38
Table 14	Patent applications filed and granted by origin as stated by applicant	39
Table 15	Copyright applications filed by language	41
Table 16	Copyright applications filed and registered by province/territory	41
Table 17	Copyrights registered by origin as stated by applicant	41
Table 18	Top 10 copyright applicants	41
Table 19	Industrial designs registered by language	43
Table 20	Industrial design applications filed and registered by province/territory	43
Table 21	Industrial design applications filed and registered by origin as stated by applicant	43
Table 22	Top 10 industrial design applicants	44
Table 23	Top 10 industrial design registrants	44

Figures

Figure 1	Revenues by products and services	31
Figure 2	Operating expenditures by category	31
Figure 3	Expenditures by branch grouping	31
Figure 4	Patent revenues	32
Figure 5	Trade-mark revenues	32
Figure 6	Copyright and industrial design revenues	32
Figure 7	Trade-mark turnaround times to examination	36
Figure 8	Trade-mark applications	36
Figure 9	Trade-mark disposals	36
Figure 10	Patent requests for examination	40
Figure 11	Patent disposals	40
Figure 12	Copyright applications	42
Figure 13	Copyright disposals	42
Figure 14	Industrial design applications	44
Figure 15	Industrial design disposals	44
Figure 16	Internet traffic	45
Figure 17	Enquiries	45
Figure 18	Employees by age group	46
Figure 19	Total employees	46
Figure 20	Employees by gender	46





MESSAGE FROM THE CEO

The Canadian Intellectual Property Office (CIPO) plays an important role in assisting in the development of Canada's economic prospects, and through it, the well-being of Canadians. In fulfilling our mandate we continue to stimulate the creation and utilization of innovative knowledge, an important element in enhancing our nation's social and economic environment. Knowledge commercialization continues to gain importance in light of the ever-increasing forces of global competition.

Operationally, CIPO now provides enhanced services as a recently accredited International Searching Authority (ISA) and International Preliminary Examining Authority (IPEA) under the Patent Cooperation Treaty (PCT). These added services support Canada's growing innovative capacity by providing Canadian inventors with access to key, world-wide intellectual property (IP) rights on their own doorstep. As well, it positions CIPO as a strong competitor in the global marketplace for inventors seeking IP rights and information.

In addition to working toward achieving our domestic and international commitments, we continued to work on improving our turnaround times and reducing our backlogs, partly through concerted recruitment and training initiatives. Our efforts over the past year, outlined in this report, will provide the impetus for the establishment of new service standards over the next year.

Clients have responded to improvements initiated by CIPO to expand its range of electronic services. Greater numbers than ever have been able to search an expanded series of no-charge, online databases for essential information, and to submit their applications for IP rights electronically.

CIPO was a key contributor to amendments to the *Patent Act* and *Patent Rules*, ensuring consistency

with the Government of Canada's commitment to modernize the marketplace, while responding to current jurisprudence. Amendments enacted this year give patent holders and applicants affected by recent Court decisions the opportunity to restore the good standing of their patents.

The input of clients and stakeholders continues to be of great value to CIPO as we plan and implement ongoing improvements in our services, processes and systems, and as we further advance awareness, knowledge and use of the IP system. The recruitment, retention and well-being of our dedicated staff remains fundamental to our ability to provide client-centred service. I appreciate very much the ongoing commitment to excellence demonstrated by clients, stakeholders and employees. The dedication of these communities assures our mutual success.

David Tobin
Commissioner of Patents,
Registrar of Trade-marks and
Chief Executive Officer

THE YEAR AT A GLANCE

CIPO strives to deliver quality IP products and services to its clients and stakeholders in a timely fashion and works to foster greater awareness and more effective use of IP by Canadians.

Achievements

Products and services

In 2005–06, CIPO's e-filing system brought in an increased number of online applications for all product lines. Sixty percent of all copyright applications and nearly 84 percent of trade-mark applications received this year were filed online, compared with about 50 percent and 81 percent, respectively, last year.

The Patent Branch produced CIPO's first International Preliminary Report on Patentability (IPRP) this year, and the Branch reached another record high with its examination disposals. Requests for patent examination exceeded the mid-year forecast.

Turnaround times (TATs) for copyrights improved from last year, and TATs for first-action examinations of industrial designs exceeded service standards, thanks to an influx of new examiners and the re-engineering of business processes.

Please see all of CIPO's product line statistics starting on page 33.

Information technology services

Searchable databases became a reality for all CIPO product lines in 2005–06 with the launch of the Industrial Designs Database and the overhaul of its Trade-marks, Patents and Copyrights databases, making application and registration processes for all categories of IP more user-friendly than ever. Visitors to the CIPO website were also able to take advantage of a new online interactive tutorial on navigating the Trade-marks Database.

In addition to website improvements, CIPO updated its Patent TechSource system (an electronic patent

system containing the scanned images of more than 1.5 million patent documents dating from 1920, plus text versions of post-1978 documents). CIPO also transferred its intranet content to the Electronic Publishing at Industry Canada (EPIC) system, enhanced the information technology (IT) system to address operational components necessary to meet International Preliminary Examining Authority (IPEA) requirements, and drafted recommendations for the government-wide Electronic Document and Records Management System (EDRMS).

Client satisfaction and IP awareness

The 2005 National Client Survey provided valuable feedback and helped shape corporate priorities relating to communications, accessibility and TATs. CIPO developed an education strategy to integrate IP into the education sector curriculum in universities, colleges and high schools in Canada. More than 150 presentations were given to raise IP awareness, and other awareness initiatives focused on trade shows and the addition of the Trade-marks Database Tutorial to the IP Toolkit.

In the international and legislative arena

To advance Canada's international IP interests, CIPO's international strategy included a greater focus on bilateral meetings with key IP offices (IPOs), including the United States Patent and Trademark Office (USPTO), the European Patent Office (EPO), the Japan Patent Office (JPO), and the State Intellectual Property Office of the People's Republic of China (SIPO). CIPO also participated in a variety of IP-related forums, including the 32nd World Intellectual Property Organization (WIPO) General Assembly; WIPO technical committees, such as the Standing Committee on the Law of Patents and the Diplomatic Conference for the Adoption of a Revised Trademark Law Treaty; as well as trade policy

forums, such as the Asia-Pacific Economic Cooperation (APEC) Intellectual Property Rights Experts' Group (IPEG) meetings.

As in previous years, CIPO was proud to host, in collaboration with WIPO, an executive workshop for senior officials from IPOs in developing countries. The Agency also provided expert advice and support to Industry Canada and other government departments on international IP issues.

In the area of patent legislation, section 78.6 of the *Act to amend the Patent Act* (Bill C-29) came into force on February 1, 2006. This section provides relief to patent holders and applicants who were adversely affected by a 2003 Federal Court of Appeal decision regarding patent fees.

Financial results

Strong revenues and carefully managed expenditures yielded another financial surplus in 2005-06. The climb in revenues is attributable to changes in fee structures, some increase in demand for IP rights and streamlined business processes.

Human resources

CIPO's biannual review of its resource requirements underscored the importance of continued staffing efforts. Recruitment and training initiatives in the Patent Branch were particularly successful this year, resulting in improvements in productivity, TATs and quality of service. New industrial design examiners were hired to address lengthening TATs. In addition to these staffing efforts, new trade-mark examiners were also hired late in the year, and hiring and training efforts will continue in 2006-07.

CIPO's new Leadership Development Program (LDP) was on the brink of its launch early in the new fiscal year. Employees are now kept better informed of organizational needs and developments through the human resources area of CIPO's intranet site. The Corporate Communications team also developed "David's Corner," a section on the new employee intranet site dedicated to communications between CEO David Tobin and employees.

BACKGROUND

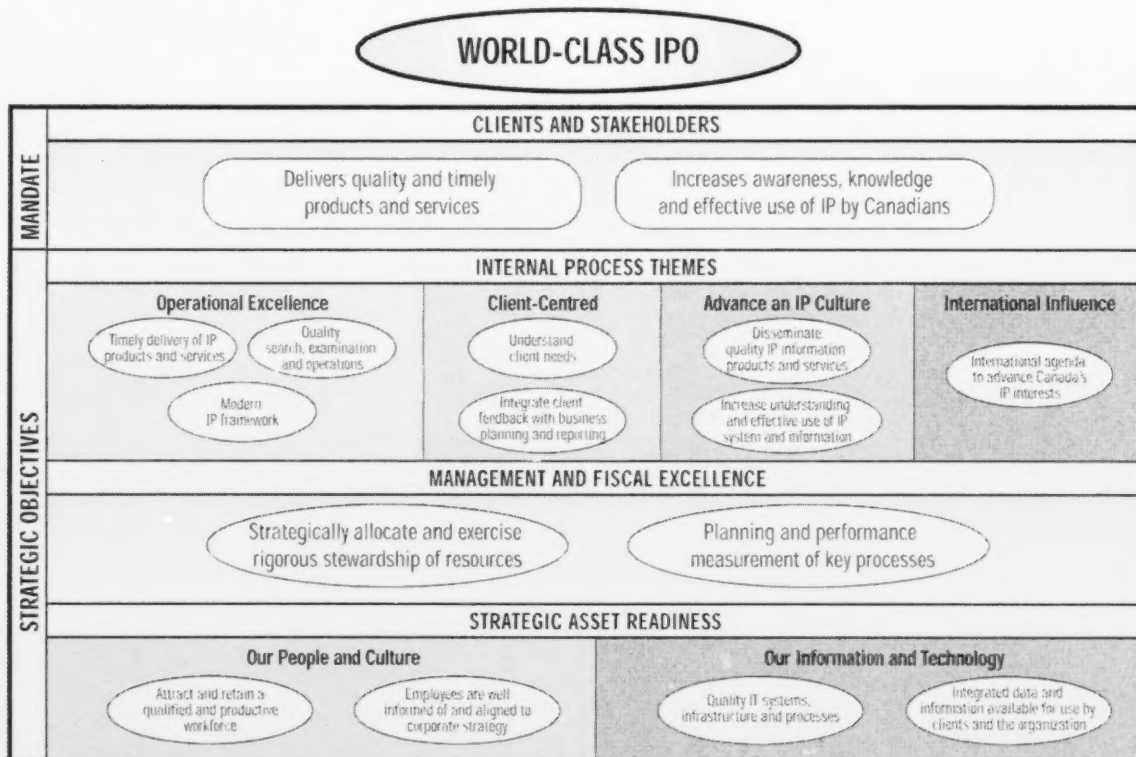
CIPO, a special operating agency of Industry Canada, is responsible for administering Canada's system of IP rights, which consist of patents, trade-marks, copyrights, industrial designs and integrated circuit topographies.

Intellectual property (IP) plays a strong role in advancing economic growth, innovation and creativity. CIPO's vision is to be a world-class IPO recognized for excellence in delivering high-quality products and services, and for strengthening Canada's innovative capacity through ongoing quality improvement, continued development of its employees and adherence to its values.

Strategy map

The strategy map illustrates CIPO's business strategy for 2005–06 for becoming a world-class IPO, highlighting the organization's two-pronged mandate and its 14 strategic objectives (shown below in "bubbles") grouped around the four internal process themes of operational excellence, client-centred service, advancing an IP culture and international influence — all of which are supported by two foundations: management and fiscal excellence and strategic asset readiness.

CIPO's Strategy Map — An Integrated Strategic Framework



Our mandate

The first two components of the strategy map reflect CIPO's mandate. CIPO's mandate is twofold: to deliver quality and timely IP products and services to clients, and to increase the awareness, knowledge and effective use of IP by Canadians. In fulfilling its mandate, CIPO contributes to Canadian economic development by encouraging invention, innovation and creativity in Canada.

Fundamental to CIPO's mandate are its clients and stakeholders (such as companies and people seeking IP protection in Canada, business associations, the IP profession, educational institutions and technology transfer/commercialization offices). This annual report details how CIPO has delivered on its mandate (as detailed in its annual Business Plan), and serves as CIPO's communication and reporting mechanism to clients and stakeholders, as well as to Parliament (pursuant to the *Patent Act*).

INTERNAL PROCESS THEMES

CIPO continued to organize its strategic objectives around four internal process themes, plus two "foundations" in its 2005–06 Business Plan. The four internal process themes are operational excellence, a client-centred approach, advancement of an IP culture and international influence.

Operational excellence

The first theme of operational excellence — providing high-quality IP products and services to customers in a timely manner — works toward three objectives:

1. To meet or exceed service standards for timely delivery of high-quality products and services through increased hiring, streamlined training, and improved business practices and systems.
2. To ensure quality search, examination and operations processes by implementing quality management systems within key product lines.
3. To actively participate in ensuring that Canada has a modern and progressive IP framework by developing stakeholder-focused legislative and regulatory amendments.

By meeting its objectives in 2005–06 and identifying key initiatives for further improvement, CIPO is providing timely and high-quality products and services that are comparable to those of other world-class IPOs. Product lines' achievements in operational excellence are outlined in the following pages.

Trade-marks Branch

The Trade-marks Branch (TMB) decides whether an applicant is entitled to the exclusive use of a trade-mark for a specific set of wares or services. The Branch maintains the trade-marks register — a record of all trade-marks registered in Canada — and grants owners the IP rights they need to protect their marks. The *Trade-marks Journal* publishes all trade-mark

applications that meet the requirements of the *Trade-marks Act*. If they remain unopposed for a period of two months, published applications may then be registered.

HIGHLIGHTS

TMB's initiatives in 2005–06 focused on integrating Examination and Operation functions, increasing cross-training of staff, and updating the *Trade-marks Wares and Services Manual*. TMB clients are now reporting receiving services "equal to or better than" other IPOs.

There is general agreement among clients that the desired target for the TAT from filing to first action in examination is approximately four months. The Branch will reach this target at the end of fiscal year 2006–07 and maintain it at that level thereafter. The Branch's 2005–06 TAT from application filing to examination fell short of expectations at 5.6 months, due to a departure of examiners. TMB has hired new examiners for 2006–07 to have in place the necessary resources to achieve its target. Recruitment will continue in future years, as needed, to ensure that sufficient resources are in place to maintain TATs and to embark on the plans initiated in 2005–06 to modernize elements of the Canadian trade-marks regime.

The trade-marks e-filing system, launched in 2000, has transformed the nature of trade-mark operations, with almost 84 percent of applications being filed online this year, compared with almost 81 percent the year before and less than 20 percent prior to 2004. The total number of applications increased in 2005–06 to 43 616, a significant jump from the 2002–03 number of 36 949.

Trade-marks Opposition Board

When a third party files an application challenging the registration of a proposed trade-mark advertised in the *Trade-marks Journal* (opposition), or requests the removal of a trade-mark from the trade-marks register on the grounds that the mark is not used in Canada (section 45), the Trade-marks Opposition Board (TMOB) conducts a hearing, where necessary, and renders decisions on behalf of the Registrar of Trade-marks.

HIGHLIGHTS

To meet the challenge of improving service quality, the TMOB is re-engineering the oppositions process to benefit clients, increasing its number of hearing officers and building on e-services. And, based on feedback from clients, the TMOB revised its *Practice Notice* this year to explain the process relating to interlocutory rulings and to allow cross-examination by video conferencing, in some cases.

By the end of 2005–06, the TMOB received 1232 statements of opposition and 593 section 45 applications, a significant decrease from the 2347 total filed in 2004–05. Upon examination, the Board conducted oral hearings on 120 opposition and 40 section 45 cases. For oppositions, the TAT from request to an oral hearing was 19 months, falling short of the 12-month target, while the TAT to render a decision when no oral hearing was requested was 4 months, well within the 10-month target. For the section 45 filings, TATs for hearings was 20 months, and 5 months for non-hearing decisions, both figures falling short of the Board's targets of 12 months and 10 months, respectively. The Board is putting in place measures to reduce delays in the hearing process to meet TAT targets.

Most trade-mark oppositions are eventually settled or abandoned, with only about 4 percent of cases decided by the Board. Decisions of the Registrar of Trade-marks can be appealed to the Federal Court of Canada.

Patent Branch

The Patent Branch receives, classifies, examines and processes applications for patents. The Branch grants applications that meet the requirements of the *Patent Act* and the *Patent Rules*, and transfers ownership, collects fees, records patent assignments, and publishes the technical data underlying patent applications

and patented inventions. Once a patent is granted, the patent holder may prohibit others from making, using or selling the invention for a period of 20 years from the date of Canadian filing.

The Branch serves a diverse mix of national and international clients — scientists, business professionals, academics, inventors, patent professionals, research institutes, foreign offices and IP associations — in a variety of fields, including biotechnology, computers, physics, mechanical and civil engineering, and chemistry. Patent Branch examiners are qualified specialists in a range of disciplines who have undergone extensive technical and legal training.

The Patent Branch's archives constitute one of the largest collections of technological information in Canada where members of the public can research Canadian and foreign patent documents using the archives' detailed classification system.

HIGHLIGHTS

The Branch continued its recruitment campaign in 2005–06, adding 42 new examiners to the 200 recruited over the last five years. Streamlined training methods for patent examiners and operational staff, plus new policies on quality and a new governance structure are showing good results, with improvements in productivity, TATs in Examination and Operations, and quality of service offered by the Branch.

During 2005–06, the Branch introduced a Quality Policy to begin setting the framework for implementation of a quality management system. More specifically, processes for examining and reviewing the *Manual of Patent Office Practice*, as well as quality checklists, key processes and peer review practices, were implemented. The Branch also established a Quality Steering Committee to oversee the development of its quality management system.

Pursuant to CIP0's new status as an ISA and IPEA, the Branch produced 2014 International Search Reports and 154 IPRPs, in conformance with established international guidelines. The issuance of the first IPRP, in July 2005, represents the final step in CIP0's progression to a fully functioning ISA/IPEA; it also demonstrates Canada's commitment to continuous improvement in the range and quality of IP services it delivers to clients. Notwithstanding these new services and the consequent increase in workload, the Branch

reached yet another record with 32 113 examination disposals. Newly received patent applications exceeded predictions with 40 044 received. Requests for examination numbered 28 352, exceeding the mid-year forecast by about 10 percent. The total inventory of applications with a request for examination awaiting a first action continued to drop at a steady rate.

Patent Appeal Board

The Patent Appeal Board (PAB) is composed of senior Patent Office officials who advise the Commissioner of Patents in the performance of his or her duties under the *Patent Act*. The Board's functions include:

- reviewing rejected patent and industrial design applications, and recommending that applications either be refused or returned to the examiner for further prosecution;
- administering the process of re-examining a patent on the basis of prior art, when requested under the *Patent Act*;
- administering the procedures related to abuse of patent rights, under section 65 of the *Patent Act*; and
- making a recommendation as to which applicant is the first inventor (thereby entitled to claim an invention), under conflict procedures that apply to applications filed before October 1, 1989, where two or more applicants are seeking rights over the same invention.

The Board also instructs CIPO's litigators in cases involving the Commissioner.

The PAB provides administrative support for the boards that set the qualifying examinations for patent and trade-mark agents. In 2005–06, 209 candidates sat for the patent agent qualifying examination, while 32 candidates wrote the trade-mark agent qualifying examination.

HIGHLIGHTS

During 2005–06, the Board disposed of 19 patent applications, and reviewed the prosecution of 11 others, which included preparing draft recommendations for the Commissioner. The Board also established five and concluded six Re-examination Boards. One section 65

hearing was held and a Commissioner's Decision sent to the applicant, and one new section 65 application was received. Commissioner's decisions for 10 conflict procedures involving 31 patent applications were finalized and mailed to applicants.

Copyright and Industrial Design Branch Copyrights

The Copyright Office of the Copyright and Industrial Design Branch issues certificates of registration for literary, musical, artistic, dramatic and other copyrights in Canada, as well as grants of interest, and maintains the register of copyrights. A searchable database of copyright information is available to the public free of charge on CIPO's website.

In CIPO's ongoing efforts to improve its internal processes, training for copyright officers was expanded during the last year. In addition, CIPO encourages clients to file their applications electronically via CIPO's website. In 2005–06, an e-commerce strategy was implemented, which included a reduction in fees and quicker processing of electronic applications. Promotional postcards informed clients of the improved services.

HIGHLIGHTS

In 2005–06, 8617 copyright applications were received, an 11-percent increase from the previous year. The Office successfully reduced its TAT for copyrights to four days from seven last year. In addition, the Office saw a 10-percent increase in its electronic filings, bringing the use of e-filing to 60 percent of total filings received.

Industrial designs

The Industrial Design Division examines and registers applications for industrial designs and records grants of interest. Industrial designs are any original shape, pattern or ornamentation of a manufactured article intended for mass production. Legal claims of ownership can be made only after registration of the design, whereby the registered owner of an industrial design is entitled to prevent others from making, using, renting or selling an article to which the design is applied in Canada for up to 10 years. Refused applications may be appealed through the Patent Appeal Board by the applicant. Once industrial designs are registered, they become part of a public register maintained by CIPO.

HIGHLIGHTS

Throughout 2005–06, the Industrial Design Division continued building strong relationships with its stakeholders by participating in spring and fall meetings of the Partnership Committee on Industrial Design. As well, a new structure was implemented and resources were increased to assist in reducing inventory and improving TATs. Two supervisory positions were created, and a total of 11 new full-time employees were hired, mainly to increase capabilities in search and examination. On CIPO's website, the public can now view industrial design records dating from June 2002 to present. A complete database of industrial design records is expected to be available online in 2006–07.

As part of CIPO's ongoing commitment to quality, the Division implemented a quality control process for examinations and is working toward meeting requirements to implement the ISO 9001:2000 Quality Management System.

The increase in new examiners resulted in reduced TATs (from filing to examiners' first action) to 12.6 months from 13.9 months last year. The number of applications filed increased by 13 percent. During 2005–06, 4682 applications were received, up from 4121 filings received in the previous year.

Integrated circuit topographies

In May 1993, the *Integrated Circuit Topography Act* came into force, making provisions for protection of Canadian innovations in integrated circuit topography (ICT) technology. ICTs are three-dimensional configurations of semiconductors, metals, insulators and other materials that make up the microchips found in products such as medical and aerospace equipment, consumer electronics and household appliances.

ICTs are their own form of IP, and are considered vital to the operation of information, communications and entertainment technologies. The sets of instructions they store may also be subject to protection under the *Copyright Act* as literary works, and in some cases may be patentable as industrial methods. The *Integrated Circuit Topography Act* defines the protection available to registrants, and includes protection to nationals of other countries on a reciprocal basis, thereby making protection in other countries available to Canadians.

The Copyright and Industrial Design Branch of CIPO is responsible for processing and registering applications for registration of integrated circuit topographies on behalf of the Registrar of Topographies, a title held by the Director, Copyright and Industrial Design Branch. Two ICT applications were received and registered in 2005–06.

A modern IP framework

Section 78.6 of the *Act to amend the Patent Act* (Bill C-29) came into force on February 1, 2006. This section provides a retroactive relief mechanism for patent holders and applicants affected by the 2003 decision of the Federal Court of Appeal in the case of *Dutch Industries Ltd. v. The Commissioner of Patents, Barton No-Till Disk Inc. and Flexi-Coil Ltd.* As patent holders and applicants have a one-year window (until February 1, 2007) to take advantage of the relief measure, CIPO launched a widespread information campaign, including a mass mailout to potentially affected clients and a nationwide conference call to respond to agents' questions. Also, the Patents Database was amended to include fee payment history to facilitate clients' determination of whether additional fees should be paid (to "top up" any incorrectly paid small entity fees).

During 2005–06, CIPO began the process of amending the *Patent Rules* to clarify the small entity regime and to bring Canada's standard for submitting sequence listings in line with current international standards. Amendments to the *Trade-marks Regulations* were also developed to streamline the trade-marks opposition process by reducing both the time and expense incurred by applicants, as well as reducing the administrative burden of opposition cases.

In addition, CIPO embarked on its next major initiative that seeks to preserve IP rights in the event of an emergency affecting CIPO operations in various parts of the country. CIPO plans to deliver a proposal for consideration in the coming year.

Client-centred service

CIPO forged ahead with its second internal process theme, client-centred service, toward its goals of better understanding client needs through a corporate consultation process, integrating client feedback with corporate business objectives, and establishing procedures for improved internal and external communications.

As part of achieving its vision of being a world-class IPO, CIPO looks to providing first-rate service to its clients.

Understanding clients' needs

To recognize and address clients' needs, CIPO is continuing to use the Client Relationship Management (CRM) strategy, a "results-based" approach that defines and implements key processes for improving client service. The six components of the CRM strategy are:

1. *Client satisfaction:* measure and report on client approval.
2. *Online feedback:* collect and use complaints, compliments and other feedback from clients to resolve problems and identify service improvement opportunities.
3. *Ongoing client consultation process:* implement a program of client focus groups and surveys.
4. *Relationship building:* work with key clients to establish proactive working relationships.
5. *Client information management:* implement information management systems to manage client data as a corporate resource.
6. *Communications:* inform clients and employees of CIPO's priorities for improving client service and the progress being made.

1. This measure was first implemented in the 2003 survey.

For clients to be satisfied with CIPO's services, they need accurate and consistent information, and the ability to access that information in a timely manner. Clients want faster TATs for processing their applications and other operational services, and for addressing their questions and concerns. Improving satisfaction in these three areas (see three bullets below) will provide the best opportunity to leverage an increase in overall client satisfaction. To better understand what drives client satisfaction with products and services, in June 2005, CIPO conducted its third National Client Survey, which identified key client themes for improving service in communications, accessibility and TATs. The survey showed:

- overall agent satisfaction increased to 82 percent (compared with 68 percent in 2001);
- agent satisfaction with TATs was 52 percent (almost tripled since 2001); and
- more than half of clients rated CIPO's service as "better" than other departments and agencies (increase of 7 percent since 2003).

Integrating client feedback

CIPO strives to improve its processes for listening to and learning from clients each year. To meet its strategic objective of being a "client-centred" organization — one that establishes service improvement priorities based on client needs — CIPO has implemented systematic processes for capturing and assessing client feedback and integrating it with corporate business planning. With these processes in place, managers can establish corporate and product line level priorities for achieving annual service improvements.

CIPO's June 2005 National Client Survey provided an excellent opportunity to integrate client priorities with its business planning cycle. The survey helped the organization identify three overall drivers of client satisfaction: communications, accessibility and TATs. These three drivers were formally endorsed by the organization as overarching service improvement priorities for the coming year.

In 2005–06, CIPO began a review of the best practices of other IPOs in the area of client consultation and client satisfaction performance measurement.

A primary objective was to better understand how to build effective relationships with key client groups. In addition, CIPO began to explore options for implementing an information management system to centralize, manage and utilize client data as a genuine strategic resource.

Improving communications

During 2005–06, CIPO developed a client communication strategy to keep clients and employees informed as to how CIPO is meeting service improvement priorities. CIPO also developed a corporate consultation strategy to ensure that client needs are clearly aligned with overall strategic objectives. Other ways CIPO is striving to improve internal and external communications include an annual calendar that highlights client consultation themes and issues, tailored customer feedback for product and business lines, and a corporate consensus on client issues.

Advance an IP culture

The third of the internal process themes concerns advancing an IP culture. CIPO's objectives in this area are to effectively disseminate quality IP information products and services, and to increase the understanding and promotion of Canada's IP system, organization and information.

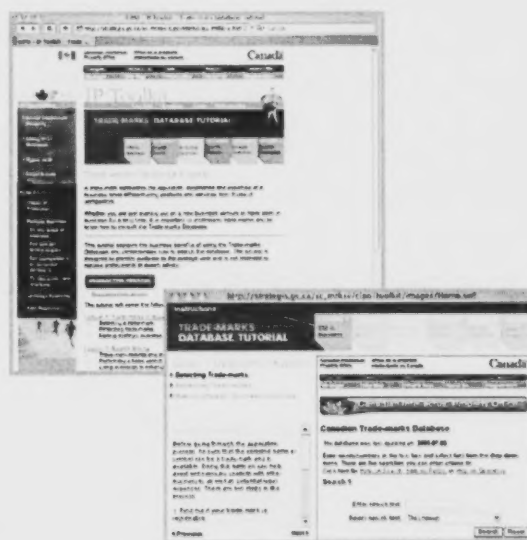
Having a dynamic IP culture advances economic development and stimulates innovation. Given the importance of raising awareness of IP rights among Canadian innovators, IP practitioners and the business community, CIPO encourages Canadians to understand the IP system and the value of protecting intellectual capital.

Canadian businesses and individuals need information about protecting their IP — how to register a logo, patent a new invention, or use IP information products and services to further business and technical intelligence; CIPO has worked to raise awareness and to increase client access to this information.

Delivering quality IP services, products and information

CIPO's extensive website (www.cipo.gc.ca) continues to be the primary source for IP information products and services. Here clients can search the Trade-marks, Patents, Copyrights and Industrial Designs databases; apply for trade-marks, patents and copyrights; download publications; learn how to become an agent; make use of the Trade-mark or Patent tutorials; and much more.

CIPO recently launched the Trade-marks Database Tutorial. This new e-learning tool in the IP Toolkit explains the importance of trade-marks information, outlines the content of the database and provides examples of effective searching techniques.



Industrial designs are now accessible and searchable on CIPO's website. On December 1, 2005, CIPO launched the first phase of the Industrial Designs Database, which contains registered designs from 2002 onward. This was a collaborative project involving Copyright and Industrial Design Branch, Information Branch and Informatics Services Branch. Initial feedback indicates that clients are pleased with the functionality of this first phase and are anticipating the addition of the remaining data, which is expected in late 2006 or early 2007.

The export of a complete backfile of patent data from 1920 onward is also well under way. This data will be provided to the EPO for incorporation into both its internal EPOQUE database and its web database ESPACENET, increasing the visibility of Canadian patent data around the world.

CIPO developed an e-service vision for future web-based tools to respond to clients' requirements for e-services. Through this initiative, improvements were made to the products and services related to the International Patent Classification (IPC) reform, including re-engineering of data dissemination products and delivery of IPC training.

CIPO's web-based tools also saw much activity this year:

- Phase 1 of the Industrial Designs Database was launched;
- improvements were made to the Trade-marks and Copyrights databases;
- online filing of copyrights was simplified;
- a tutorial on the Trade-marks Database was launched;
- the Patents Database was also enhanced with a search engine upgrade; and
- a new data dissemination product was developed for selling and exporting patent bibliographic data.

All of this activity reflects feedback from survey results and consultations with clients, a key initiative for meeting CIPO's objective of increasing the understanding and effective use of IP systems and information.

Raising awareness of IP systems and information

CIPO continues to improve its approach for developing strategic partnerships to increase its visibility and awareness of its IP information products and services. CIPO partners comprise a wide range of organizations, such as federal departments and agencies, business associations and academic institutions. In 2005-06, CIPO participated in partnership activities with:

- Canada Business Services Centres across the country (239 regional access sites); and
- Canada Small Business Financing Program and Corporations Canada (27 Industry Canada awareness sessions).

The Bank of Speakers initiative, launched in 2004 in conjunction with the Intellectual Property Institute of Canada, provides access to more than 200 IP professionals who deliver informative and engaging presentations, emphasizing the strategic value and importance of IP. This year, over 150 presentations were given across Canada, raising IP awareness and providing points of contact to target audiences for information and services vital to protecting their inventions and ideas. Of these, 113 were customized presentations given by regional CIPO Business Development Officers, while CIPO also participated in 25 trade shows in 14 cities and 7 provinces across Canada. Consultation activities and ongoing feedback mechanisms to obtain client input will continue to play a critical role for developing and improving products and services.

CIPO's outreach education strategy includes planned pilot projects with universities to encourage educational institutions to integrate IP into their curricula. The Information Branch also plans to identify which colleges and universities offer IP services and the types of services currently available in these institutions (in the fields of engineering and science, in particular). In addition, CIPO will create a section on its website for the education sector.

International influence

CIPO's main objective under this fourth internal process theme is to promote and advance Canada's international IP interests, particularly with respect to WIPO, APEC and selected IPOs in other countries.

Intellectual property is an area of growing international interest and concern. Canadians are seeking access to global markets and more streamlined and predictable procedures for the acquisition of IP rights. By promoting the protection of Canadian innovations, creations and ideas, CIPO helps accelerate Canada's economic development. At the international level, the importance accorded to harmonizing patent and trade-mark laws and procedures demonstrates the need for CIPO to continue to broaden its focus to include new and emerging markets and to play a lead role in the world's evolving IP system.

In 2005–06, CIPO continued to build its bilateral and multilateral relationships with select IPOs around the world to coordinate positions on issues of mutual interest and to enhance opportunities for Canadians seeking IP protection outside Canada. CIPO is working with other IPOs to strengthen technical cooperation, identify best practices and share information.

Advancing Canada's international IP interests

In 2005–06, CIPO implemented Year 1 of its international strategy. The strategy's three components are designed to:

- support and advance CIPO's strategic objectives to be the leading IPO, based on adapting best practices from other IPOs;
- advance Canada's international IP interests by proactively promoting acceptance of Canadian standards where they constitute a best practice, by optimizing participation in international forums and possibly expanding technical assistance activities; and
- position CIPO as a credible contributor to Government of Canada international priorities.

Key initiatives include increasing contacts and cooperation, and sharing information with other IPOs to lead to "best practices."

The Corporate Strategies Branch is committed to providing strategic advice, expertise and policy support on international IP issues to Industry Canada, Foreign Affairs and International Trade Canada, and other government departments on issues within CIPO's mandate.

To promote Canada's IP interests in the international arena, CIPO participated in a variety of IP-related forums, including the 32nd WIPO General Assembly; the Meeting of International Authorities under the Patent Cooperation Treaty; the Standing Committee on the Law of Patents; the Standing Committee on the Law of Trademarks, Industrial Designs and Geographical Indications; the Standing Committee on Information

Technologies — Standards and Documentation Working Group; and the Provisional Committee on the Development Agenda, all held in Geneva. In March 2006, CIPO representatives participated in the Diplomatic Conference for the Adoption of a Revised Trademark Law Treaty in Singapore. The objective of the Singapore Treaty is to create a modern and dynamic international framework for the harmonization of trade-mark registration and administration procedures. CIPO also participated in meetings of the APEC-IPEG in Manila (August 2005) and Hanoi (February 2006).

During the year, CIPO worked to expand its network of contacts in select IPOs around the world, creating and consolidating associations, acquiring knowledge, and improving harmonization and coordination. To this end, CIPO participated in multilateral and bilateral meetings with the USPTO, EPO and JPO, as well as with representatives from other G7 countries, including Japan and the United Kingdom, and the emerging economies of China, South Korea and Brazil.

For the third consecutive year, CIPO hosted the Ariana Group Luncheon during the WIPO General Assembly, in September 2005. This informal event brings together the heads of IPOs from the G7 countries, as well as officials from Australia, the EPO and the European Commission. In March 2006, CIPO's CEO David Tobin visited the JPO, in Tokyo, to discuss the JPO's proposal to advance the harmonization agenda. CIPO also hosted several delegations this year, including a visit from the Australian Registrar of Trade Marks and Designs. In addition, CIPO, in partnership with WIPO, offered a specialized training workshop during May 2005 for 12 senior officials from the Asia-Pacific, Latin America and Caribbean regions.

As part of Canada's commitment to international development, CIPO, in cooperation with WIPO, again provided technical assistance in the form of services to developing countries during 2005–06. Not only does CIPO's support encourage stable economies and promote self-reliance, but it also improves the climate for exporting Canadian goods, raises CIPO's profile, demonstrates goodwill and builds influence at the international level.

MANAGEMENT AND FISCAL EXCELLENCE

CIPO's two key "foundations," as outlined in its 2005–06 Business Plan, are management and fiscal excellence, and strategic asset readiness. Objectives this year for management and fiscal excellence were to strategically allocate and exercise rigorous stewardship of resources, and to provide planning and performance measurement of key processes.

As a special operating agency of Industry Canada, CIPO is committed to achieving management and fiscal excellence by continuously improving the organization's management practices while maintaining long-term financial viability.

CIPO continued to operate from a strong financial position in 2005–06, exceeding overall revenue and expenditure forecasts. Sound business practices allowed CIPO to make strategic capital investments and expand its workforce to increase production and improve TATs and inventory levels while continuing to generate a net result of almost \$13.3 million.

Revenues were up this year due to several factors: fee changes; a slight increase in the demand for IP rights; and improvements in CIPO's capacity to meet its workload through key business commitments, including the hiring of new examiners and more efficient business processes.

Expenditures are based on business requirements to meet the demand for IP services, which is growing due to the volume and complexity of applications. In 2005–06, the largest expenditure growth item was salaries and benefits, due to the increase of full-time equivalent (FTE) staff — mostly for Patent Branch — to a total complement of 857 FTEs in 2005–06 from 820 in 2004–05.

Exercising rigorous stewardship of resources

CIPO's financial investment, budgeting and management processes are aligned with its strategic objectives. To ensure strategic allocation and rigorous stewardship of resources, during 2005–06 CIPO:

- updated procedures for financial, management and budgeting processes;
- implemented recommendations from the annual financial audit and the management control framework audit;
- developed a strategy for long-term leasehold accommodations to meet anticipated employee growth; and
- improved revenue and expenditure forecasting models.

CIPO will continue to implement activity-based costing models and management as part of its financial planning processes. With this approach, expenditures are better managed and controlled, and because capacity analysis is enhanced by additional information, decision making is more effective. This enhanced information also assists management in re-engineering business processes and in measuring and reporting on performance.

Strategic planning, comptrollership and performance measurement

Another key component of CIPO's ongoing commitment to management excellence is the strengthening of strategic planning, comptrollership, and performance measurement and evaluation processes. Strategic planning has been enhanced by a stronger linkage with more formal and timely human resources planning (a result of the new *Public Service Employment Act*), and greater integration of financial, IT and long-term capital planning processes.

Comptrollership has been strengthened by a revamped financial reporting system, better revenue and expenditure forecasting, and the implementation of activity-based costing. Performance measurement and evaluation capacity has been strengthened by refining the system of branch performance indicators and linking them more closely to CIPO's strategic objectives.

In 2005–06, CIPO initiated an executive information system automation project and an IT disaster recovery plan. To further enhance planning excellence, and to improve the way current strategic planning processes are being assessed, CIPO is developing new business efficiency and effectiveness measures to track and monitor progress against corporate and branch-level objectives.

STRATEGIC ASSET READINESS

Strategic asset readiness is CIPO's second "foundation," as outlined in the 2005–06 Business Plan. Core strategic assets consist of the people and organizational culture that enable CIPO to achieve its mission and mandate, as well as information and technology.

For CIPO to achieve its goal of becoming a world-class IPO, it must attract and retain a qualified and productive workforce, equip employees with modern technology tools, establish information management processes to support business objectives, and effectively align and integrate employee efforts to contribute to the corporate strategy.

Our people and culture

Employee know-how is a strategic asset that enables CIPO to meet its commitments to its clients. To maintain its competitive edge in the ever-changing IP environment, CIPO places great importance on attracting and keeping a talented and motivated workforce. It does this while meeting the challenges of effective human resources (HR) and fiscal management — challenges such as reviewing the governance and strategic objectives of the HR function, developing a performance management framework, and providing continuing education and training for its employees.

Attracting and retaining a qualified and productive workforce

During 2005–06, the Human Resources Branch continued implementing its five interconnected priorities in support of CIPO's objective to attract and retain a qualified and productive workforce. To that end, HR specialists and executive co-champions developed action plans and implemented related initiatives. HR objectives for all priorities — recruitment and retention, official languages, employment equity, learning and development, and workplace well-being — are now included in the accountability accords of CIPO executives.

PRIORITY 1: RECRUITMENT AND RETENTION

CIPO's recruitment systems and practices reflect a values-based staffing approach. Last year, CIPO participated in 7 university career fairs across Canada, and received 1443 online applications via the patent examiner recruitment system, resulting in the hiring of 42 new patent examiners. CIPO also implemented a biannual HR review of resource requirements and will create a new area dedicated to this initiative on its intranet site, where employees may view the staffing plans of all CIPO branches. CIPO managers and HR representatives received training on the new requirements of the *Public Service Employment Act*, and information sessions were held for all employees.

PRIORITY 2: EMPLOYMENT EQUITY AND DIVERSITY

CIPO is steadily building a workforce that represents Canada's diverse population with representation rates that meet or exceed workforce availability rates. CIPO's HR Planning Section regularly attends departmental employment equity committees that identify representation gaps and promote diversity.

In 2005–06, managers more than closed those gaps at CIPO, surpassing workforce availability rates for all four designated groups — visible minorities, women, persons with disabilities and Aboriginal peoples — and CIPO's intranet site was updated with new information on the Employment Equity Program. To increase awareness of the self-identification process and its benefits, a targeted self-identification blitz was conducted during the summer of 2005, with a 91-percent response rate. CIPO also sponsored employment equity awareness events, including the International Day of Persons with Disabilities, which highlighted non-visible disability issues such as diabetes and environmental sensitivities.

PRIORITY 3: OFFICIAL LANGUAGES

Providing quality service and support to clients and employees in both official languages is a priority at CIPO, as well as an obligation under the *Official Languages Act*. CIPO is proud to report that, as of the end of the fiscal year, 98 percent of employees met the official languages requirements of their positions, up from 94 percent the previous year (This figure is somewhat higher than at Industry Canada, and in the public service in general.)

During the year, CIPO implemented its Official Languages Development Program, and began in-house language training courses that saw 98 students enrolled in classes held during business hours. CIPO is also investigating other training options for employees, such as using linguistic mentors and book clubs.

At the September Managers' Forum and at the Annual General Meeting in November 2005, CIPO set up information kiosks to communicate and promote official languages in the workplace. In March 2006, CIPO employees celebrated the 8th annual *Rendez-vous de la Francophonie*, promoting interaction, dialogue and connections among Francophone and francophile communities across Canada.

PRIORITY 4: PERSONAL AND PROFESSIONAL DEVELOPMENT

On January 1, 2006, the government's new Policy on Learning, Training and Development came into effect and CIPO's Learning and Workforce Development Group has been working to align its programs with the new policy. Learning data, such as number of training days and costs, is now reported quarterly in the monthly *CIPO Executive Dashboard* report. To replace Industry Canada's Personal Learning Plan Program, CIPO is designing its own program, set to be piloted in June 2006.

CIPO's corporate calendar of personal and professional development courses was more diversified this year, with 46 career counselling sessions, three knowledge-sharing sessions, and 16 lunch and learn sessions. In May 2006, CIPO will launch a Leadership Development Program (LDP) for supervisors and managers, offering instruction in effective communications, performance management and peer coaching. CIPO also developed a new training form, has updated its training procedures, and is promoting and participating in Industry Canada's Corporate Mentoring Program.



Jeannine Baron and Nancy Meilleur

PRIORITY 5: WORKPLACE WELL-BEING

Workplace well-being is crucial for CIPO to attract and retain its more than 900 employees of highly qualified experts, executives, managers and staff. To encourage a positive work environment, CIPO has in place compressed and part-time work arrangements, used by almost 20 percent of employees. CIPO's Employee Assistance Program continues to address health and wellness issues on an as-needed basis. The Awards and Recognition Program saw 80 instant awards and 97 long-service awards given out over the last year, almost double that of the previous year. Popular social events included golf and bowling tournaments, an organization-wide picnic, a Halloween costume contest and a Christmas party. In addition, five CEO brown bag luncheons were held as a way for executives and employees to meet informally.

In 2004–05 CIPO completed a study of best practices among top Canadian employers. The results of this study will be combined with the results of the fall 2005 Public Service Employee Survey to renew CIPO's HR strategy and establish new strategic objectives and action plans for the next fiscal year. Addressing the concerns identified by the survey will strengthen employee commitment throughout the workplace.

Employees are well informed of and aligned to corporate strategy

CIPO is committed to an open-door environment that promotes two-way communication between employees and management. To keep employees informed and to encourage internal communication, last year CIPO completed phase one of the corporate intranet redesign — a key project aimed at better responding to employees' information needs. Content was updated and migrated to a new publishing platform, and a new section, "David's Corner," was created for sharing insights and keeping employees informed of corporate activities. Since the redesign, intranet usage has increased significantly.

The role of Corporate Communications is to assist in the delivery of CIPO's mandate by providing a strategic communications approach for activities and initiatives involving communications with the public or with employees. Last year, Corporate Communications developed comprehensive operational communications plans for each branch to ensure CIPO's communications efforts are strategic and well coordinated.

During 2005–06, the Corporate Communications team also published four issues of *CIPO Info*, the organization's internal newsletter, highlighting CIPO's activities and accomplishments over the year. Articles featured such topics as CIPO's participation in international forums, client survey results, employee awards, the Outreach Program, Toastmasters' activities and the Annual General Meeting.

Our information and technology

CIPO continued to build on its existing information management framework by effectively managing information to support internal and external business requirements and by making information more readily available to clients. CIPO is developing policies, procedures, standards and tools to ensure that staff apply information management practices consistently across the organization.

Quality IT systems, infrastructure and processes

CIPO continues to improve the governance of IT, so as to maintain a healthy IT system and infrastructure and to address corporate information management needs. The Strategic IT Plan provides a bridge between technology direction and business objectives. The IT Investment Committee is responsible for the strategic direction of IT investments and for ensuring that projects support the strategic framework. IT projects are managed by the IT Investment Sub-Committee. Initiatives in 2005–06 included:

- delivery of IPC reform functionality through major changes to the patent TechSource system; and
- improved information management through a paperless office initiative and management of unstructured records.

Using the industry standard Capability Maturity Model (CMM), the Informatics Services Branch measures and monitors key areas to bring the organization to a new level of strategic readiness. CIPO is advancing upward in the CMM level structure, and is continuing toward its goal of achieving Level 3 in the application architecture and competency profile (resourcing) areas by 2006–07.

Integrated data and information

Other Information Branch achievements for 2005–06 include investigating requirements for an EDRMS; migrating CIPO's intranet content to the EPIC system; identifying requirements for electronic case files for the Trade-marks Branch; implementing Inter App, a new IT system that addresses operational components necessary to meet ISA/IPEA requirements; and enhancing the DesignPlus system and the Industrial Designs Database.

AUDITED FINANCIAL STATEMENTS

Management report

We have prepared the accompanying financial statements of the Canadian Intellectual Property Office Revolving Fund (the "Fund") as required by and in accordance with the policy of Treasury Board on revolving funds, and the reporting requirements and standards of the Receiver General for Canada. These financial statements were prepared by the management of the Fund in accordance with the significant accounting policies set out in Note 2 of the financial statements, on a basis consistent with that of the preceding year.

Responsibility for the integrity and objectivity of these financial statements rests with the management of the Fund. The information included in these financial statements is based on management's best estimates and judgment with due consideration given to materiality. To fulfill its accounting and reporting responsibilities, the Fund maintains a set of accounts, which provides a centralized record of the Fund's financial transactions. Financial information contained in the ministerial statements and elsewhere in the Public Accounts of Canada is consistent with that in these financial statements, unless indicated otherwise.

The Fund's directorate of financial services develops and disseminates financial management and accounting policies, and issues specific directives, which maintain standards of accounting and financial management. The Fund maintains systems of financial management and internal control, which gives due consideration to costs, benefits and risks. They are designed to provide reasonable assurance that transactions are properly authorized by Parliament, are executed in accordance with prescribed regulations, and are properly recorded to maintain accountability of government funds and safeguard the assets under the Fund's administration. The Fund also seeks to assure the objectivity and integrity of data in its financial statements by the careful selection, training and development of qualified staff, by organizational arrangements that provide appropriate divisions of responsibility, and by communication programs aimed


at ensuring that its regulations, policies, standards and managerial authorities are understood throughout the organization.

At the request of the Fund, these financial statements have been examined by external auditors, their role being to express an opinion as to whether the financial statements present fairly the financial position as at March 31, 2006, and the results of operations and cash flow for the year then ended in accordance with the accounting principles for revolving funds of the Government of Canada as described in Note 2 to the financial statements.

Approved by:



David Tobin
Commissioner of Patents,
Registrar of Trade-marks and
Chief Executive Officer



André Rousseau, CGA
Manager, Finance and Administration

June 6, 2006



KPMG LLP
Chartered Accountants
 Suite 2000
 160 Elgin Street
 Ottawa, ON K2P 2P8
 Canada

Telephone (613) 212-KPMG (5764)
 Fax (613) 212-2896
 Internet www.kpmg.ca

AUDITORS' REPORT TO THE DEPUTY MINISTER, INDUSTRY CANADA

We have audited the statement of financial position of the Canadian Intellectual Property Office Revolving Fund as at March 31, 2006 and the statements of operations and net assets, accumulated surplus and cash flow for the year then ended. These financial statements have been prepared to comply with Section 4 of the Treasury Board of Canada's Policy on Special Revenue Spending Authorities and the Revolving Funds Act. These financial statements are the responsibility of the management of the Canadian Intellectual Property Office Revolving Fund. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Canadian Intellectual Property Office Revolving Fund as at March 31, 2006 and the results of its operations and its cash flows for the year then ended in accordance with the accounting principles for revolving funds of the Government of Canada as described in Note 2 to the financial statements.

These financial statements, which have not been, and were not intended to be, prepared in accordance with Canadian generally accepted accounting principles, are solely for the information and use of the management of the Revolving Fund and the Treasury Board of Canada Secretariat for reporting on the use of the Fund authority. The financial statements are not intended to be and should not be used by anyone other than the specified users or for any other purpose.

KPMG LLP

Chartered Accountants

Ottawa, Canada

May 29, 2006

KPMG LLP, a Canadian limited liability partnership is the Canadian member firm of KPMG International, a Swiss cooperative.

Statement of Authority Provided (Used) (Unaudited)
for the year ended March 31, 2006 (in thousands of dollars)

	2006		2005	
	Estimates	Actual	Estimates	Actual
Net results	80	13 294	5 697	11 918
Add: items not requiring the use of funds	11 003	7 843	15 299	9 807
Operating source (use) of funds	11 083	21 137	20 996	21 725
Less: items requiring use of funds				
Net capital acquisitions	8 500	7 571	3 605	2 864
Net other assets and liabilities	(13 039)	(14 032)	(4 506)	(13 323)
Other items	—	—	—	—
Authority provided (used)	15 622	27 598	21 897	32 184

The accompanying notes form an integral part of these financial statements.

Reconciliation of Unused Authority (Unaudited)
as at March 31, 2006 (in thousands of dollars)

	2006	2005
Credit (debit) balance in the accumulated net charge against the Funds authority	(131 695)	(101 480)
Transfer from Treasury Board Vote 5	—	(219)
	(131 695)	(101 699)
Add: Payables at year-end charges against the appropriation account after March 31	4 306	2 564
Less: amounts credited to the appropriation account after March 31	1 393	1 500
Other items	6 018	16 136
Net authority provided, end of year	(134 800)	(116 771)
Authority limit	5 000	5 000
Unused authority carry forward	139 800	121 771

The accompanying notes form an integral part of these financial statements.

Statement of Financial Position
as at March 31, 2006 (in thousands of dollars)

	2006	2005
Assets		
Current		
Petty cash	2	2
Accounts receivable		
Government of Canada	1 742	1 543
Outside parties	1 395	1 504
Unbilled revenues	6 071	7 508
Prepaid expenses	222	84
	<u>9 432</u>	<u>10 641</u>
Capital assets (Note 3)	26 368	33 574
Unbilled revenues	2 172	1 180
	<u>37 972</u>	<u>45 395</u>
Liabilities		
Current		
Deposit accounts	1 889	1 511
Accounts payable		
Government of Canada	2 797	864
Outside parties	6 692	6 537
Deferred revenues	29 498	23 354
	<u>40 876</u>	<u>32 266</u>
Employee termination benefits and vacation pay	7 035	6 198
Deferred revenues	44 370	37 934
	<u>51 405</u>	<u>44 132</u>
Deferred capital assistance (Note 4)	7 980	14 365
Commitments (Note 6)		
Contingencies (Note 10)		
Net assets / Liabilities (Note 5)	<u>(62 289)</u>	<u>(45 368)</u>
	<u>37 972</u>	<u>45 395</u>

The accompanying notes form an integral part of these financial statements.

**Statements of Operations and Net Assets (Liabilities)
for the year ended March 31, 2006 (in thousands of dollars)**

	2006	2005
Revenues	124 722	115 603
Expenses		
Salaries and employee benefits	75 058	68 630
Professional services	15 149	13 824
Amortization of capital assets	14 777	15 721
Accommodation	6 952	6 100
Materials and supplies	1 780	1 970
Information	260	206
Communications	824	680
Travel	603	427
Freight and postage	309	279
Repairs and maintenance	1 234	1 143
Training	662	367
Rentals	205	215
Bad debt expense	—	37
Loss on disposal of capital assets	—	471
	<u>117 813</u>	<u>110 070</u>
Net results before amortization of deferred capital assistance	6 909	5 533
Amortization of deferred capital assistance	<u>6 385</u>	<u>6 385</u>
Net results	13 294	11 918
Net assets (liabilities), beginning of year	(45 368)	(27 786)
Net financial resources used (provided) and change in the ANCAFA account during the year	<u>(30 215)</u>	<u>(29 500)</u>
Net assets (liabilities), end of year	<u>(62 289)</u>	<u>(45 368)</u>

The accompanying notes form an integral part of these financial statements.

Statement of Cash Flow
for the year ended March 31, 2006 (in thousands of dollars)

	2006	2005
Operating activities		
Net results	13 294	11 918
Add: amortization of capital assets	14 777	15 721
Add: loss on disposal of capital assets	—	471
Less: amortization of deferred capital assistance (DCA)	6 385	6 385
	<u>21 686</u>	<u>21 725</u>
Changes in working capital (Note 7)	9 819	4 029
Changes in other assets and liabilities		
Unbilled revenues	(992)	(744)
Employee termination benefits and vacation pay	837	1 082
Deferred revenues	6 436	6 272
	<u>6 281</u>	<u>6 610</u>
Net financial resources provided by operating activities	37 786	32 364
Investing activities		
Capital assets acquired	<u>(7 571)</u>	<u>(2 864)</u>
Net financial resources provided and change in the accumulated net charge against the Fund's authority account, during the year	30 215	29 500
Accumulated net charge against the Fund's authority account, beginning of year	<u>101 480</u>	<u>71 980</u>
Accumulated net charge against the Fund's authority account, end of year (Note 5)	<u>131 695</u>	<u>101 480</u>

The accompanying notes form an integral part of these financial statements.

Notes to financial statements

Year ended March 31, 2006

1 — Purpose and authority

The Canadian Intellectual Property Office Revolving Fund (the "Fund") grants or registers exclusive ownership of IP in Canada. In exchange, the Fund acquires IP information and state-of-the-art technology which it disseminates to Canadian firms, industries and individuals to improve economic performance, competitiveness and to stimulate further invention and innovation.

The Fund was established on April 1, 1994. The authority to make expenditures out of the Consolidated Revenue Fund, was granted on February 22, 1994, and has an authorized limit of \$15 million. During the fiscal year ended March 31, 2002, the Fund's authorized limit was reduced from \$15 million to \$5 million. The Fund has continuing non-lapsing authority from Parliament to make payments out of the Consolidated Revenue Fund for working capital, capital acquisitions and temporary financing of accumulated operating deficits. The Fund may retain surpluses to continue to automate operations.

2 — Significant accounting policies

BASIS OF ACCOUNTING

The financial statements have been prepared in accordance with the reporting requirements for revolving funds as described by the Receiver General for Canada. The basis of accounting used in these financial statements differs from Canadian generally accepted accounting principles because services received without charge from other government departments are not reported as expenses; the expenses and liability for termination benefits excludes the portion not funded by the Fund; and contingent liabilities are disclosed rather than recorded. The significant accounting policies are as follows:

Revenue recognition

Revenue derived from processing patent, trade-mark and industrial design applications is recognized using the percentage of completion method as work progresses. Fees received in advance of work being completed are

recorded as deferred revenues. When work is completed prior to the receipt of the fee, the amount is recorded as unbilled revenue. Maintenance fees and other revenue are recognized upon receipt. Fees are prescribed by various orders in council.

Capital assets and amortization

Capital assets are recorded at cost and are amortized on a straight-line basis over their estimated useful lives, beginning in the month after acquisition, as follows:

Software	3 years
Hardware	3–5 years
Furniture	10 years
Equipment	10 years
Leasehold improvements	5 years
Systems	Estimated useful life, beginning in the year of deployment

Deferred capital assistance

The Fund received \$63.8 million from the Crown for the development of the TechSource automation project, which was implemented in 1997–98. The deferred capital assistance is amortized on a straight-line basis over the estimated useful life of the TechSource system.

Employee termination benefits

Employees of the Fund are entitled to specified termination benefits, calculated based on salary levels in effect at the time of termination as provided for under collective agreements and conditions of employment. Employee termination benefits earned prior to an employee joining the Fund are a liability of the Treasury Board and accordingly have not been recorded in the accounts. As at March 31, 2006, the Treasury Board liability for the Fund's employees is \$4.8 million (2005 – \$5.0 million). The liability for benefits earned after an employee joins the Fund is recorded in the accounts as the benefits accrue to employees.

The Treasury Board will only fund this portion of the past services up to and including the 15th year of the Fund's operation; in 2009–10, the long-term liability account for termination benefits will be adjusted accordingly with an offset against the Fund's accumulated deficit/surplus account.

Pension Plan

Employees of the Fund are covered by the Public Service Superannuation Plan administered by the Government of Canada. Under present legislation, contributions made by the Fund to the Plan are limited to an amount equal to the employee's contributions on account of current service. These contributions represent the total pension obligations of the Fund and are charged to operations on a current basis. The Fund is not required under present legislation to make contributions with respect to actuarial deficiencies of the Public Service Superannuation Account or with respect to charges to the Consolidated Revenue Fund for the indexation of payments under the *Supplementary Retirement Benefits Act*.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Capital assets, revenues and human resource related accrued liabilities are the most significant items for which estimates are used. Actual results could differ from those estimates. These estimates are reviewed annually and as adjustments become necessary, they are recorded in the financial statements in the period in which they become known.

3 — Capital assets and accumulated amortization (in thousands of dollars)

	Cost March 31, 2005	Additions	Disposals	Cost March 31, 2006	Accumulated amortization	Net carrying value
Leasehold improvements	17 426	3 178	—	20 604	14 925	5 679
Software	6 653	1 253	—	7 906	4 704	3 202
Hardware	2 484	118	—	2 602	2 026	576
Equipment	—	—	—	—	—	—
Furniture	—	—	—	—	—	—
Systems						
INTREPID	3 735	—	—	3 735	3 735	—
TechSource	85 535	—	—	85 535	75 601	9 934
Other	9 693	1 471	—	11 164	9 231	1 933
Systems under development	3 493	1 551	—	5 044	—	5 044
Total	129 019	7 571	—	136 590	110 222	26 368

4 — Deferred capital assistance (in thousands of dollars)

	2006	2005
Deferred capital assistance contribution	63 848	63 848
Less: accumulated amortization	55 868	49 483
Net book value	7 980	14 365

5 — Net assets/Liabilities (in thousands of dollars)

ACCUMULATED NET CHARGE AGAINST THE FUND'S AUTHORITY

Accumulated net charge against the Fund's authority is the cash position of the Fund, held by the government on behalf of the Fund.

ACCUMULATED SURPLUS

The accumulated surplus is an accumulation of each year's surpluses including the absorption of the opening deficit of \$9.4 million upon establishment of the Fund.

	2006	2005
Accumulated net charge against the Fund's authority	(131 695)	(101 480)
Accumulated surplus	69 406	56 112
Net assets/liabilities	<u>(62 289)</u>	<u>(45 368)</u>

6 — Commitments (in thousands of dollars)

TECHSOURCE

The Fund has contracted Government Telecommunication and Informatics Services to provide maintenance services for the TechSource system. Amounts committed are:

2007	5 709
2008	5 941
2009	6 188
2010	<u>6 442</u>
	<u>24 280</u>

The Fund has contracted for the application development and maintenance support of the Continued Systems Improvement Program by which the Fund's systems and infrastructure are kept intact and improved upon in a controlled manner on a continuous basis.

The maximum commitments are up to:

2007	3656
2008	<u>2437</u>
	<u>6093</u>

The Fund has operating leases for its premises from Public Works and Government Services Canada. Future lease payments are as follows:

2007	6 870
2008	6 639
2009	<u>4 655</u>
	<u>18 164</u>

7 — Changes in working capital (in thousands of dollars)

Components of the changes in current assets and liabilities include:

	2006	2005
Accounts receivable (net of bad debt)	(90)	(575)
Unbilled revenues (short term)	1437	1016
Prepaid expenses	(138)	(8)
Deposit accounts	378	333
Accounts payable	2088	(2300)
Deferred revenues (short term)	6144	5563
	<u>9819</u>	<u>4029</u>

8 — Related party transactions

Through common ownership, the Fund is related to all Government of Canada created departments, agencies and Crown corporations. Payments for accommodation, translation, legal services, compensation and benefits services, mail services, security services, and mainframe and computing services are made to related parties in the normal course of business.

9 — Insurance

The Fund does not carry insurance on its property. This is in accordance with the Government of Canada policy of self-insurance.

10 — Contingencies

SICK LEAVE

Employees are permitted to accumulate unused sick leave. However, such leave entitlements do not vest and can be used only in the event of illness. The amount of accumulated sick leave entitlements which will become payable in future years cannot reasonably be determined and accordingly have not been recorded in the accompanying financial statements. Payments of sick leave benefits are included in current operations as incurred.

11 — Income taxes

The Fund is not subject to income taxes.

ADDITIONAL FINANCIAL INFORMATION

Revolving fund

As a special operating agency within Industry Canada, with a revolving fund authority, CIPO finances its operations entirely from revenues generated by fees received from the provision of IP services.

The financial statements of CIPO's Revolving Fund (the "Fund") have been prepared in accordance with the reporting requirements for revolving funds described by the Receiver General for Canada. The basis of accounting used in these financial statements differs from Canadian generally accepted accounting principles because services received without charge from other government departments are not reported as expenses; the expenses and liability for termination benefits excludes the portion not funded by the Fund; and contingent liabilities are disclosed rather than recorded. Some of the information included in these financial statements is based on management's best estimates and judgment, with due consideration given to materiality.

CIPO develops accounting policies and maintains the financial systems and internal controls necessary to fulfill its accounting and reporting responsibilities. By adhering to sound financial management practices and internal accounting controls, CIPO's financial administration provides reasonable assurance that transactions are recorded and executed in accordance with its authority, and that its assets are safeguarded.

In the context of modern comptrollership, and to improve managerial accountability and reporting, external auditors are hired to examine the financial statements and to express an opinion as to whether they present fairly CIPO's financial position at year-end.

Management report

Balance sheet

The balance sheet of the Fund reveals that CIPO continues to maintain its positive financial position. At the end of March 2006, the balance sheet (Note 5) indicates an accumulated net charge against the fund's authority (ANCAFA — representing the cash situation of the Fund) of \$131.7 million or \$55.9 million if current and long-term deferred revenues are excluded.

An amount of \$8.3 million, representing a decrease of \$0.4 million from last year, is recorded under unbilled revenues, which represents the value of work completed prior to the receipt of the fee. This relates mainly to trade-mark examinations and registrations where part of the examination fee is received before the work starts (recorded under deferred revenues) and the second part is received after the work is completed and accounted for under the unbilled revenues.

The *capital assets* of \$26.4 million, net of depreciation, represent mainly the net value of the IT system TechSource for patent and other systems, the leasehold accommodation and IT systems and software under development. During the year, investments have been made to increase an IT capability that is closely aligned with CIPO's business objectives and requirements.

Under liabilities, the current and long-term *deferred revenues* of \$29.5 million and \$44.4 million, respectively, represent the prepaid amount for services to be provided in the near future and are directly linked with the inventory of patent files to be examined.

Note the total deferred revenues account represents an increase of \$12.6 million over last year. The fee increases implemented on January 1, 2004, are the primary explanation for this change, though examination capacity and requests for examination also increased from the previous year.

The *deferred capital assistance* (DCA) has decreased by \$6.4 million; it is amortized on a straight-line basis over the useful life of the TechSource system. Other financial elements of assets and liabilities remain relatively stable.

The *accumulated surplus* stands at \$69.4 million as of March 31, 2006. This amount ensures that CIPO will be able to remain both fiscally responsible and viable and will be in the position to maintain/improve service levels such as reducing TATs, investing in human resources and new IT, and delivering new products and services that better serve the interests of clients.

Income statement

Revenues for fiscal year 2005–06 equal \$124.7 million, which represents an increase of \$9.1 million over last year. This increase comes mainly from the implementation of new fees for applications, examinations and maintenance on January 1, 2004, supported by steady growth in demand.

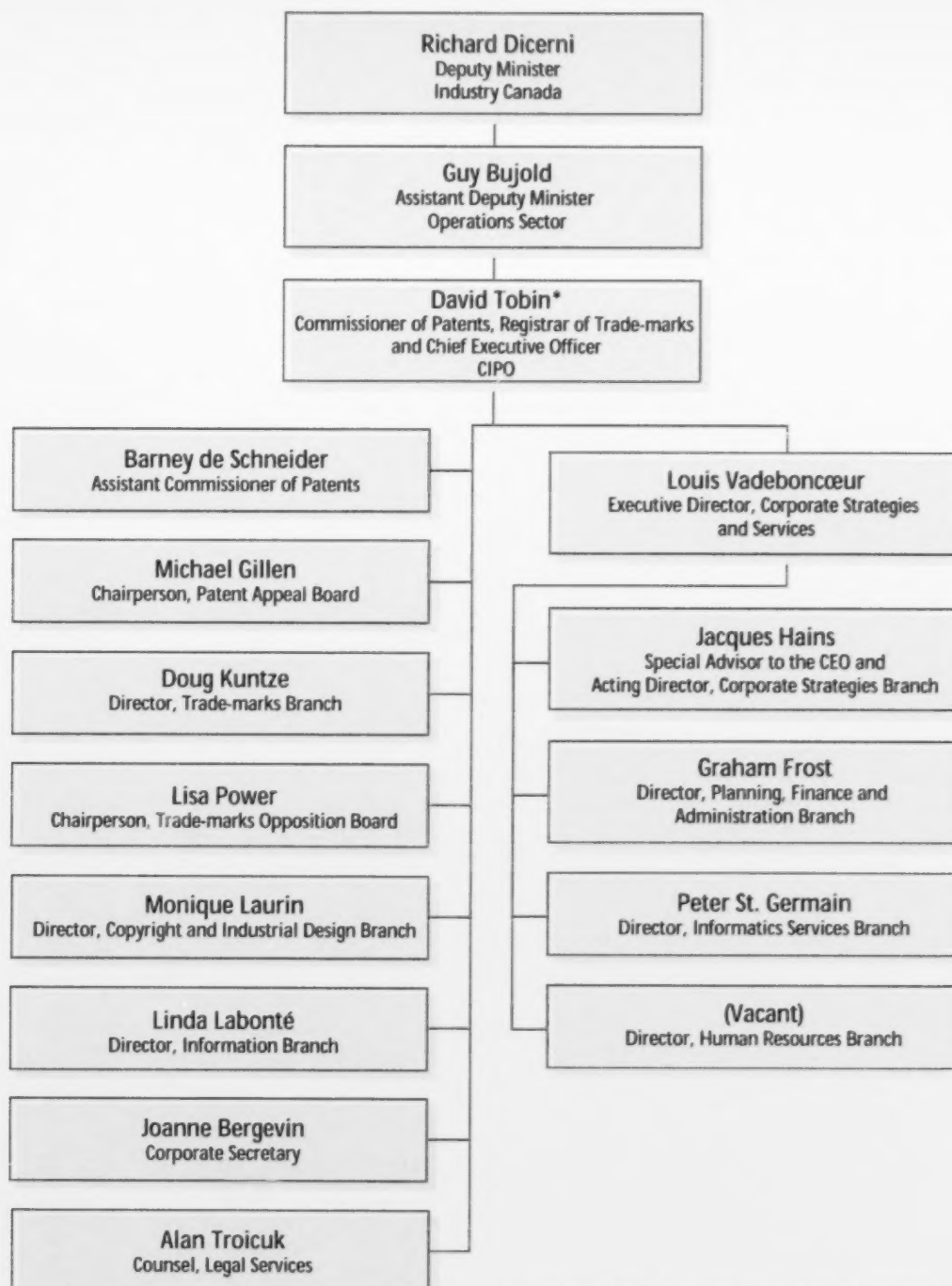
Expenditures for the same period equal \$111.4 million and are \$7.7 million higher than last year. Salary expenses represent a large part of this increase, over \$6.4 million. This can be explained mainly by the significant hiring of new examiners to deal with the growing demand for IP products and services. These investments in human resources have already had a significant positive impact on TATs in many areas and consequently generate additional revenues. We also note an increase in professional services and accommodation expenses.

Thus, the *net result* was \$13.3 million in income, after taking into account the credit on expenses of \$6.4 million from DCA.

For more detail on revenues and expenditures, please refer to the charts in Appendix B.

Appendix A

Organizational structure 2005-06



* The Commissioner of Patents and Registrar of Trade-marks act independently when making quasi-judicial decisions.

Appendix B

Financial charts

Figure 1 Revenues by products and services

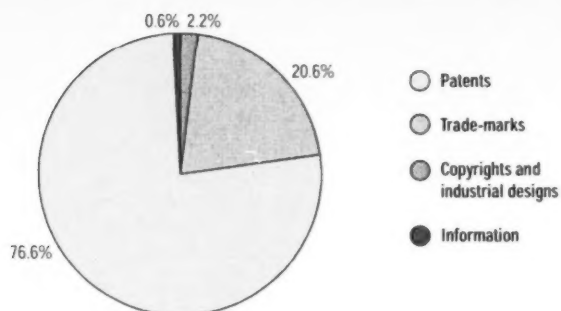


Figure 2 Operating expenditures by category

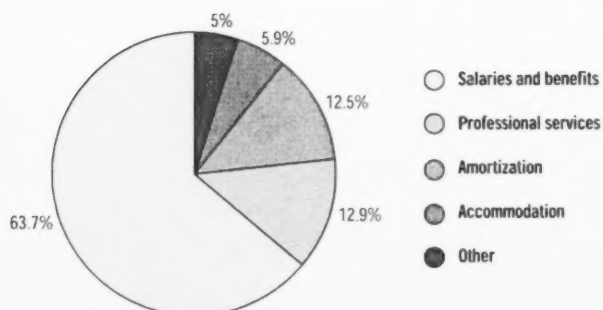


Figure 3 Expenditures by branch grouping

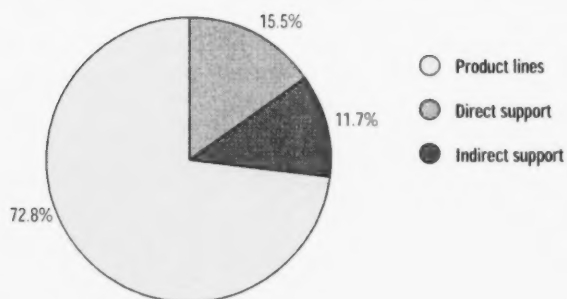
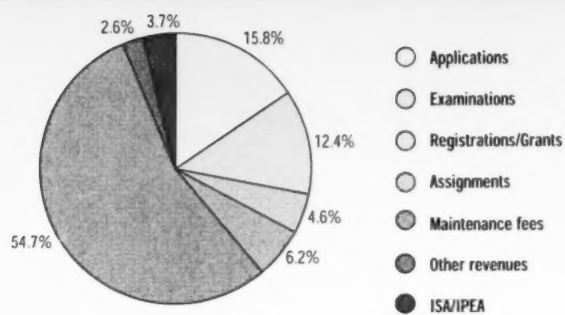
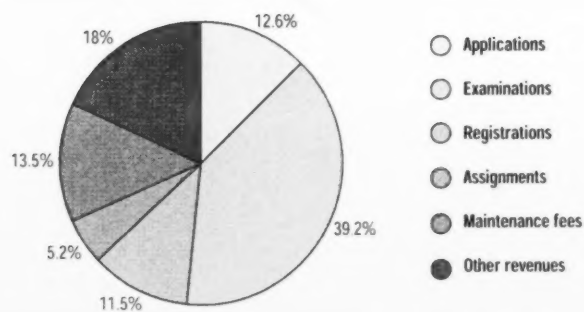
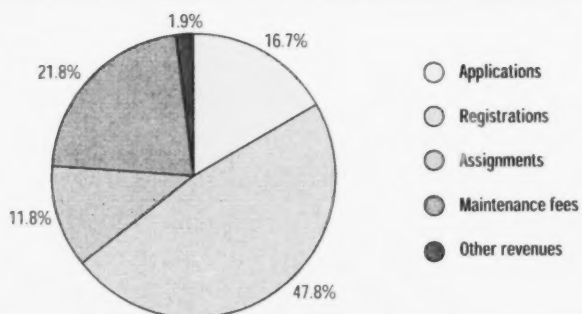


Figure 4 Patent revenues**Figure 5 Trade-mark revenues****Figure 6 Copyright and industrial design revenues**

Appendix C

Statistics

TABLE 1
Product output

	2003-04	2004-05	2005-06
Applications			
Patents	38 201	39 640	40 044
National	12 145	11 620	11 749
Patent Cooperation Treaty	26 056	28 020	28 295
Trade-marks	39 524	40 687	43 616
Copyrights	7 915	7 777	8 617
Industrial designs	3 827	4 121	4 682
Integrated circuit topographies	5	2	2
International Search Authority (ISA)	—	729*	2 014
International Preliminary Examining Authority (IPEA)	—	—	154
Requests for examination			
Patents	39 373	25 142	28 352
Disposals			
Patents	26 731	31 282	32 113
Grants/Registrations			
Patents	12 159	13 553	15 331
Trade-marks	28 164	29 780	25 485
Copyrights	7 928	7 650	8 251
Industrial designs	2 908	2 966	3 469
Integrated circuit topographies	4	2	2
Abandonments			
Trade-marks	19 301	18 620	14 797
Copyrights	105	100	42
Industrial designs	357	397	328
Maintenance/Renewals			
Patents	259 668	271 398	291 654
Trade-marks	9 302	7 879	8 795
Industrial designs	1 755	1 418	1 601
Assignments			
Patents	61 932	57 290	57 220
Trade-marks	38 334	32 543	32 323
Copyrights	1 581	2 216	1 249
Industrial designs	2 096	1 276	1 976
Integrated circuit topographies	1	—	2
Enquiries			
Patents	27 949	40 002	21 718
Status requests (patents)	55 162	960	749
Trade-marks	20 524	22 556	20 009
Copyrights	8 395	9 115	7 957
Industrial designs	1 723	1 560	1 290
Integrated circuit topographies	80	50	44
General information	1 971	1 379	1 285
Other	280	306	196

* The ISA number covers the period from July 26, 2004, to March 31, 2005.

Trade-mark statistics

TABLE 2
Trade-mark applications filed by language

	2003-04	2004-05	2005-06
English	35 699	37 505	40 260
French	3 825	3 182	3 356
Total	39 524	40 687	43 616

TABLE 3
Trade-mark applications filed and registered by province/territory

	Filed	Registered
Alberta	1 691	1 171
British Columbia	2 712	1 562
Manitoba	416	296
New Brunswick	177	121
Newfoundland and Labrador	83	58
Northwest Territories	8	3
Nova Scotia	179	125
Nunavut	5	0
Ontario	9 265	5 842
Prince Edward Island	27	10
Quebec	4 516	2 980
Saskatchewan	183	121
Yukon Territory	4	4
Total	19 266	12 293

TABLE 4
Top 10 trade-mark applicants

The Procter & Gamble Company	252
LF, LLC	175
Johnson & Johnson	124
Dundee Corporation	123
Novartis AG	121
Bristol-Myers Squibb Company	107
Unilever Canada Inc.	106
Meadwestvaco Corporation	92
Kohler Co.	82
XM Satellite Radio	79

TABLE 5
Top 10 trade-mark registrants

Dundee Corporation	198
The Procter & Gamble Company	128
LIDL Stiftung & Co. KG	77
Avon Products Inc.	72
Unilever Canada Inc.	71
Telus Corporation	70
Watkins Manufacturing Corporation	55
WMS Gaming Inc.	55
Sally Beauty International, Inc.	54
Canadian Imperial Bank of Commerce	43

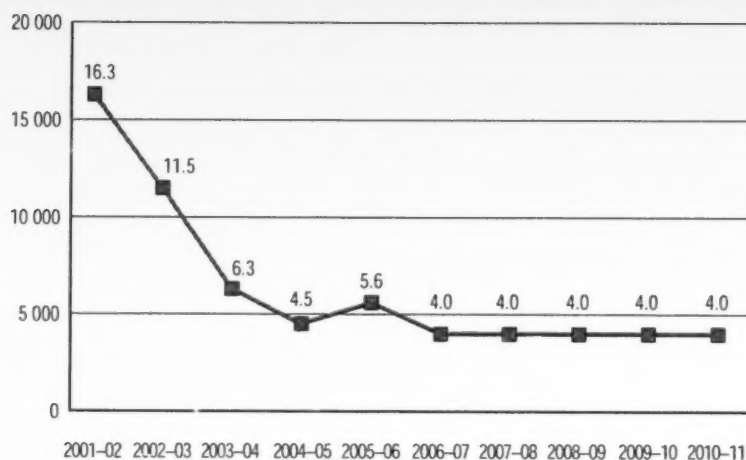
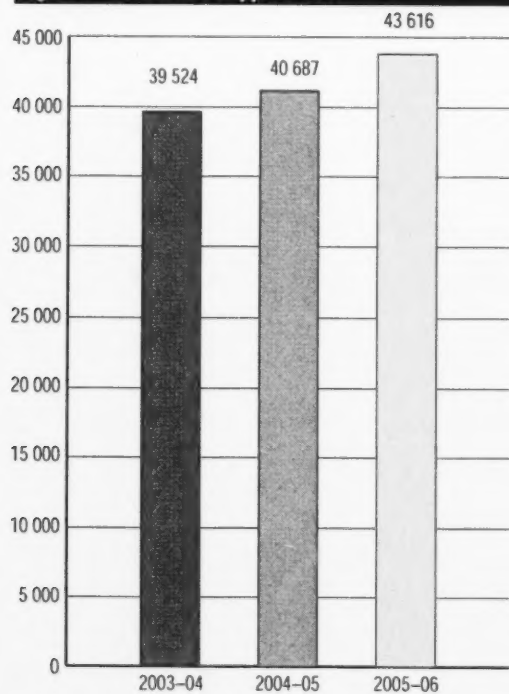
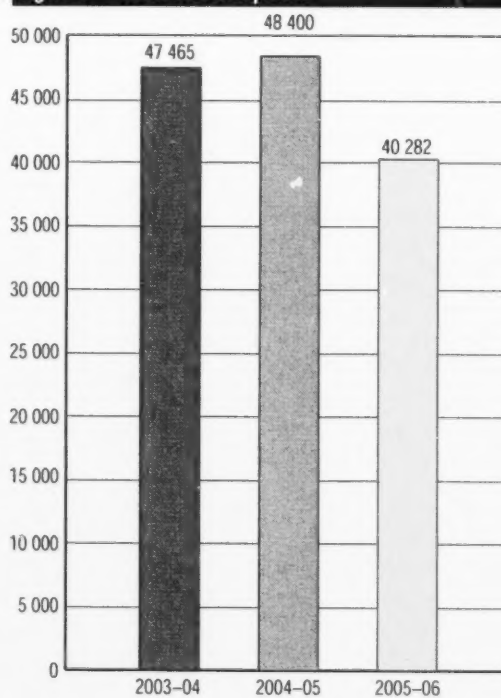
TABLE 6
Trade-marks Opposition Board — Operational statistics

	2003-04	2004-05	2005-06
Statements of opposition filed	1229	1594	1232
Opposition decisions rendered	94	134	82
Opposition abandonments	1435	941	795
Section 45 notices issued	844	753	593
Section 45 decisions rendered	655	625	622

TABLE 7

Trade-mark applications filed and registered by origin as stated by applicant

	Filed	Registered		Filed	Registered
Algeria	1	4	Latvia	1	0
Antigua and Barbuda	18	1	Lebanon	3	2
Argentina	28	28	Liechtenstein	40	17
Aruba	0	1	Luxembourg	68	14
Australia	365	185	Macau	1	1
Austria	119	67	Malaysia	17	6
Bahamas	19	17	Malta	9	3
Barbados	53	25	Mauritius	10	3
Belgium	105	60	Mexico	148	33
Belize	2	1	Monaco	25	18
Benelux	1	2	Mongolia	1	1
Bermuda	23	17	Morocco	1	0
Brazil	86	36	Namibia	8	38
British Virgin Islands	97	32	Netherlands	380	241
Bulgaria	5	2	Netherlands Antilles	10	6
Canada	19 266	12 293	New Zealand	98	38
Cayman Islands	25	9	Norway	69	29
Channel Islands	10	5	Oman	1	0
Chile	48	32	Pakistan	6	6
China	283	208	Panama	22	27
Colombia	30	6	Peru	1	11
Costa Rica	4	0	Philippines	19	1
Country unknown	4	1	Poland	12	22
Croatia	7	5	Portugal	61	20
Cuba	1	6	Qatar	0	1
Cyprus	20	10	Republic of Korea	175	64
Czech Republic	10	12	Republic of Moldova	0	1
Democratic People's Republic of Korea	1	0	Romania	1	1
Denmark	146	89	Russian Federation	20	27
Dominican Republic	5	1	Saint Kitts and Nevis	2	0
Ecuador	4	0	San Marino	1	0
Egypt	5	0	Saudi Arabia	2	4
El Salvador	8	1	Seychelles	4	1
Estonia	0	2	Singapore	58	25
Finland	73	48	Slovakia	0	2
France	956	732	Slovenia	6	1
Germany	1 402	801	South Africa	42	20
Gibraltar	11	5	Spain	177	130
Greece	16	2	Sri Lanka	7	3
Guatemala	0	3	Sweden	213	137
Guyana	2	1	Switzerland	793	404
Haiti	1	0	Syria	0	1
Hong Kong, China	156	72	Syrian Arab Republic	1	0
Hungary	10	3	Taiwan	102	100
Iceland	12	3	Thailand	15	17
India	42	21	Tunisia	1	0
Indonesia	3	6	Turkey	24	13
Iran (Islamic Republic of)	2	0	Turks and Caicos Islands	1	0
Ireland	91	32	Ukraine	6	1
Israel	79	51	United Arab Emirates	25	6
Italy	1 033	379	United Kingdom	909	533
Jamaica	4	6	United States of America	14 376	7 522
Japan	927	593	Uruguay	2	2
Jordan	2	0	Venezuela	3	0
Kenya	2	1	Vietnam	9	6
Kuwait	1	1	West Indies	6	8
			Total	43 616	25 485

Figure 7 Trade-mark turnaround times to examination**Figure 8 Trade-mark applications****Figure 9 Trade-mark disposals**

Patent statistics

TABLE 8
Patent applications filed by language

	2003-04	2004-05	2005-06
English	36 749	38 054	38 658
French	1 452	1 586	1 386
Total	38 201	39 640	40 044

TABLE 9
Patent applications filed, requests for examination and grants by discipline

Discipline	2003-04	2004-05	2005-06
Biotechnology			
Filed	4 004	3 850	3 406
Requests for examination	4 050	2 423	2 793
Granted	634	522	514
Computer-related			
Filed	6 317	6 662	7 048
Requests for examination	6 624	4 464	5 347
Granted	2 135	2 216	2 286
Electrical engineering / Physics			
Filed	3 114	3 037	3 286
Requests for examination	3 074	2 130	2 209
Granted	1 212	1 394	1 262
Mechanical/Civil engineering			
Filed	9 152	9 538	9 562
Requests for examination	9 350	6 009	6 476
Granted	3 410	4 414	5 376
Organic chemistry			
Filed	4 622	4 966	4 829
Requests for examination	5 662	3 180	3 626
Granted	1 682	1 419	1 876
Other chemistry			
Filed	6 613	6 677	7 003
Requests for examination	6 422	4 263	4 817
Granted	1 851	2 036	2 116
Miscellaneous			
Filed	4 379	4 910	4 910
Requests for examination	4 191	2 673	3 084
Granted	1 235	1 552	1 901
All disciplines			
Filed	38 201	39 640	40 044
Requests for examination	39 373	25 142	28 352
Granted	12 159	13 553	15 331

TABLE 10

Patent applications filed and granted to residents of Canada and foreign countries

	PCT filings	Non-PCT filings	Total filings	Total grants
Canada				
Alberta	198	592	790	293
British Columbia	163	369	532	141
Manitoba	27	120	147	46
New Brunswick	2	43	45	10
Newfoundland and Labrador	4	12	16	4
Nova Scotia	7	36	43	19
Ontario	522	1 832	2 354	586
Prince Edward Island	0	6	6	3
Quebec	324	956	1 280	332
Saskatchewan	10	123	133	61
Yukon Territory	0	2	2	0
Subtotal	1 257	4 091	5 348	1 495
Foreign countries	27 038	7 658	34 696	13 836
Total	28 295	11 749	40 044	15 331

TABLE 11

Top 10 patent applicants

Research in Motion Limited	376
Microsoft Corporation	320
The Procter & Gamble Company	305
General Electric Company	229
Qual Comm Incorporated	227
BASF Aktiengesellschaft	189
F. Hoffman-LaRoche AG	187
3M Innovative Properties Company	176
Novartis AG	172
Honda Motor Co. Ltd.	170

TABLE 12

Top 10 patentees

Honda Giken Kogyo Kabushiki Kaisha	248
The Procter & Gamble Company	174
Baker Hughes Incorporated	125
Lucent Technologies Incorporated	116
L'Oréal	110
Telefonaktiebolaget LM Ericsson	97
Minnesota Mining and Manufacturing Company	94
Illinois Tool Works Incorporated	89
BASF Aktiengesellschaft	86
Unilever PLC	81

TABLE 13

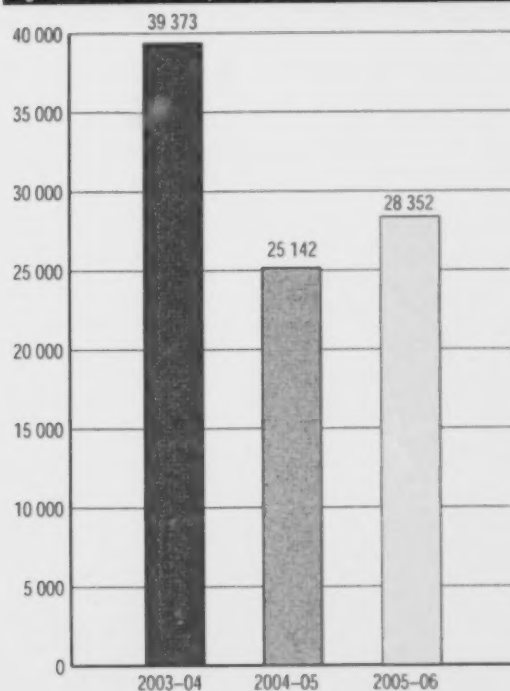
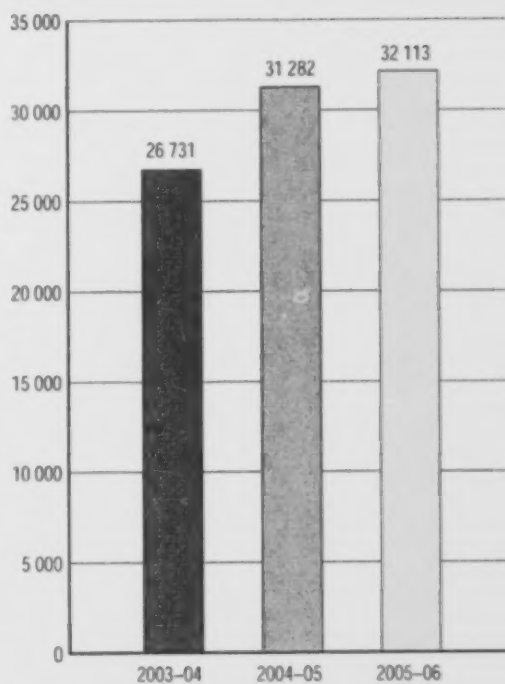
Patent Appeal Board — Operational statistics

	2003-04	2004-05	2005-06
Final actions			
Referrals	13	20	12
Disposals	12	12	19
Industrial designs			
Referrals	2	2	2
Disposals	7	6	0
Conflicts			
Referrals	1	3	2
Disposals	11	3	10
Re-examination — Section 48.1			
Filings	3	4	5
Disposals	2	5	6
Abuse — Section 67			
Filings	0	0	1
Disposals	0	1	1
Candidates for qualifying examination			
Patents	237	257	209
Trade-marks	43	32	32

TABLE 14

Patent applications filed and granted by origin as stated by applicant

	Filed	Granted		Filed	Granted
Argentina	9	2	Kazakhstan	1	0
Australia	600	182	Kenya	2	0
Austria	179	104	Kyrgyzstan	1	0
Bahamas	3	4	Latvia	2	0
Barbados	183	30	Lebanon	2	0
Belgium	279	90	Liechtenstein	18	13
Benin	1	0	Lithuania	1	0
Bermuda	40	4	Luxembourg	50	19
Brazil	37	28	Malaysia	10	1
British Virgin Islands	26	10	Malta	1	0
Bulgaria	2	0	Mauritius	1	1
Canada	5 348	1 495	Mexico	18	5
Cayman Islands	8	0	Monaco	4	1
Central African Republic	1	0	Morocco	1	0
Chile	8	0	Namibia	1	0
China	185	24	Netherlands	574	193
Chinese Taipei	194	12	Netherlands Antilles	22	14
Colombia	1	2	New Zealand	111	22
Costa Rica	1	0	Norway	137	65
Country unknown	13	0	Panama	4	1
Croatia	13	1	Poland	12	2
Cuba	18	2	Portugal	10	2
Cyprus	19	3	Republic of Korea	391	144
Czech Republic	21	3	Romania	2	0
Czechoslovakia	1	1	Russian Federation	45	9
Denmark	307	79	San Marino	1	0
Dominican Republic	1	0	Saudi Arabia	2	0
Ecuador	1	1	Seychelles	3	0
Egypt	5	1	Singapore	41	6
Estonia	0	1	Slovakia	6	1
Finland	338	241	Slovenia	8	1
France	1 475	765	South Africa	71	17
Georgia	1	0	Spain	153	38
Germany (Democratic Republic of)	3	6	St. Vincent and The Grenadines	1	0
Germany (Federal Republic of)	2 698	1 022	Sweden	480	391
Gibraltar	2	1	Switzerland	1 393	441
Greece	14	4	Tunisia	1	2
Hong Kong, China	23	15	Turkey	4	3
Hungary	31	11	Turks and Caicos Islands	5	2
Iceland	22	4	Ukraine	6	6
India	134	3	United Kingdom	1 517	539
Indonesia	0	1	United Arab Emirates	4	0
Iran	5	0	United States of America	19 121	7 292
Ireland	76	19	Venezuela	1	9
Israel	318	67	Zambia	1	0
Italy	589	239			
Japan	2 571	1 614	Total	40 044	15 331

Figure 10 *Patent requests for examination***Figure 11** *Patent disposals*

Copyright statistics

TABLE 15
Copyright applications filed by language

	2003-04	2004-05	2005-06
English	6480	6377	6948
French	1435	1400	1669
Total	7915	7777	8617

TABLE 16
Copyright applications filed and registered by province/territory

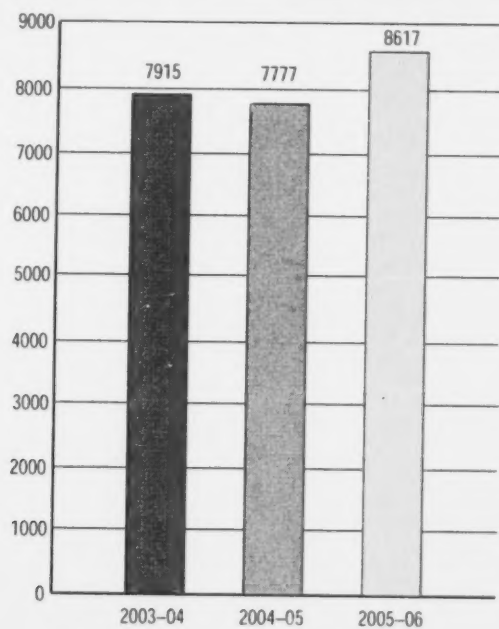
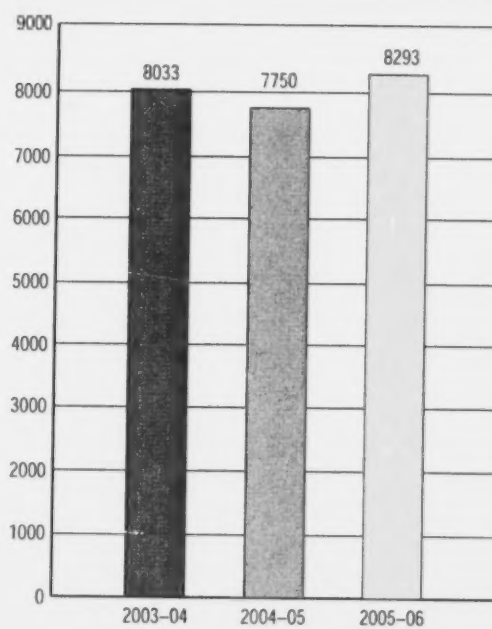
	Filed	Registered
Alberta	664	661
British Columbia	1083	1074
Manitoba	215	220
New Brunswick	109	110
Newfoundland and Labrador	60	59
Northwest Territories	13	13
Nova Scotia	152	157
Ontario	2889	2869
Prince Edward Island	15	14
Quebec	1988	1962
Saskatchewan	105	103
Yukon Territory	5	5
Total	7296	7247

TABLE 17
Copyrights registered by origin as stated by applicant

	Filed	Registered
Antigua and Barbuda	1	1
Australia	3	3
Bahrain	1	1
Barbados	2	2
Belgium	3	3
Bermuda	46	26
Brazil	3	3
British Virgin Islands	6	6
Cameroon	1	0
Canada	7298	7247
China	33	13
Cuba	9	9
Finland	1	1
France	38	19
Germany	11	11
Greece	1	1
Hong Kong, China	34	25
India	3	3
Israel	1	1
Italy	4	4
Jamaica	1	1
Japan	18	16
Liberia	1	1
Luxembourg	4	4
Mexico	3	3
Netherlands	5	5
Portugal	2	2
Qatar	1	1
Russian Federation	30	30
South Africa	2	1
Spain	1	1
Sweden	12	12
Switzerland	36	16
Taiwan	7	7
Thailand	1	1
United Kingdom	50	28
United States of America	944	743
Total	8617	8251

TABLE 18
Top 10 copyright applicants

Pearson Education Canada	376
Groupe Éducalivres Inc.	105
Fabtrends International Inc.	94
Adobe Systems Incorporated	65
WEA International Inc.	53
UMG Recordings, Inc.	38
Novell, Inc.	34
TVBO Productions Limited	33
Quest Software, Inc.	30
XYZ éditeur	30

Figure 12 Copyright applications**Figure 13** Copyright disposals

Industrial design

TABLE 19
Industrial designs registered by language

	2003-04	2004-05	2005-06
English	2825	2773	3345
French	83	193	124
Total	2908	2966	3469

TABLE 20
Industrial design applications filed and registered by province/territory

	Filed	Registered
Alberta	31	25
British Columbia	94	49
Manitoba	8	1
New Brunswick	7	6
Newfoundland and Labrador	2	0
Northwest Territories	1	0
Nova Scotia	5	3
Ontario	235	228
Prince Edward Island	1	3
Quebec	187	161
Saskatchewan	6	2
Yukon Territory	3	3
Total	580	481

TABLE 21
Industrial design applications filed and registered by origin as stated by applicant

	Filed	Registered
Argentina	1	0
Australia	51	37
Austria	12	22
Bahamas	4	3
Barbados	13	18
Belgium	28	10
Bermuda	12	18
Brazil	2	15
British Virgin Islands	19	1
Bulgaria	5	3
Canada	580	481
China	11	26
Croatia	1	1
Denmark	13	4
England	5	14
Finland	55	98
France	142	80
Germany	153	136
Hong Kong, China	25	17
India	1	0
Indonesia	1	0
Ireland	2	6
Israel	10	3
Italy	129	81
Japan	302	287
Korea	3	5
Liechtenstein	19	7
Malta	0	1
Mexico	4	5
Malaysia	1	1
Netherlands	37	33
New Zealand	22	10
Norway	14	8
Poland	1	1
Portugal	1	3
Republic of China	42	28
Republic of Korea	48	31
Russian Federation	1	1
Singapore	5	3
South Africa	3	1
Spain	45	7
Sweden	25	25
Switzerland	123	80
Taiwan	55	69
Thailand	1	2
Trinidad	1	0
Turkey	1	0
United Kingdom	93	78
United States of America	2560	1708
Venezuela	0	1
Total	4682	3469

TABLE 22
Top 10 industrial design applicants

Microsoft Corporation	213
Nike International Incorporated	211
The Procter & Gamble Company	103
Wolverine World Wide Incorporated	94
Honda Motor Co., Ltd	71
Kohler Company	48
Sonia, S.A.	35
Vector Products, Inc.	30
Globe Union Industrial Corporation	27
Leviton Manufacturing Co., Inc.	26

TABLE 23
Top 10 industrial design registrants

Nike International Incorporated	120
Nokia Corporation	73
The Procter & Gamble Company	55
Mikron Industries, Inc.	52
Wolverine World Wide, Inc.	51
Globe Union Industrial Corporation	46
Brother Industries, Ltd	43
Moen Incorporated	39
Dart Industries Inc.	32
Sony Computer Entertainment	31

Figure 14 Industrial design applications

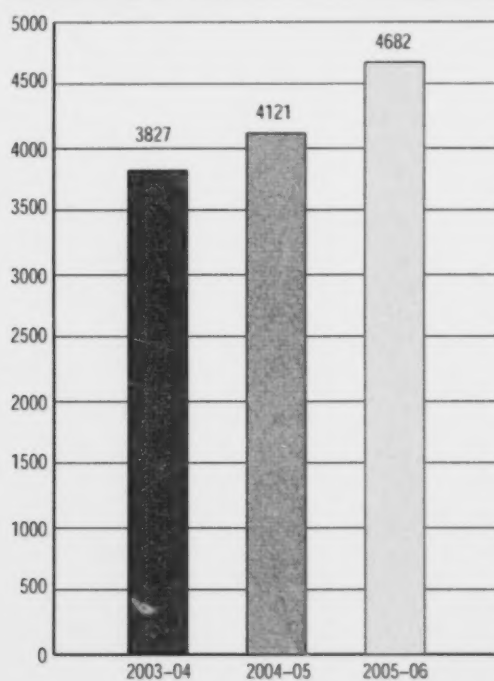
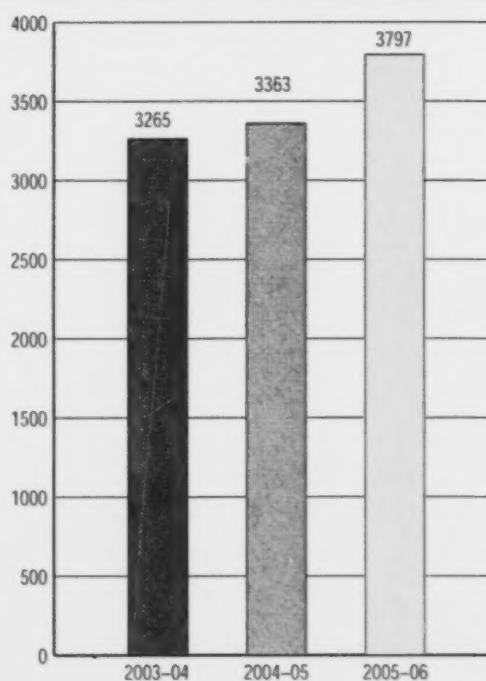
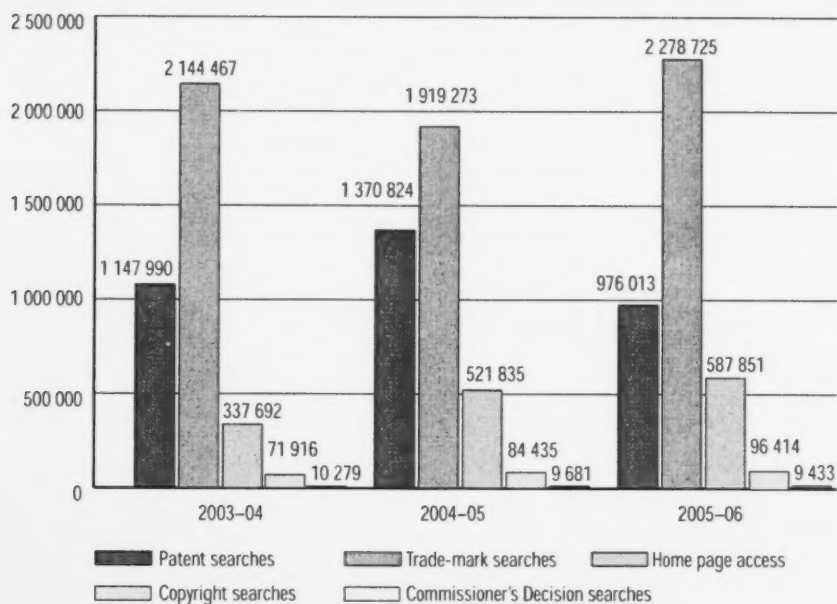
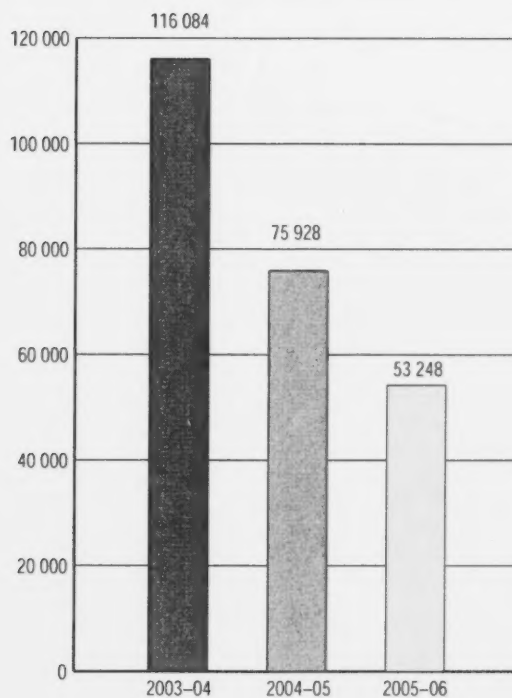


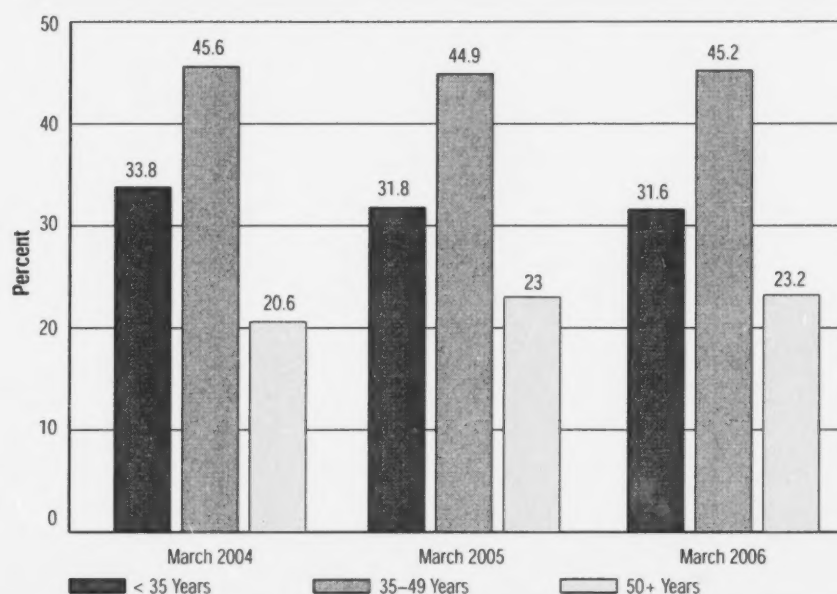
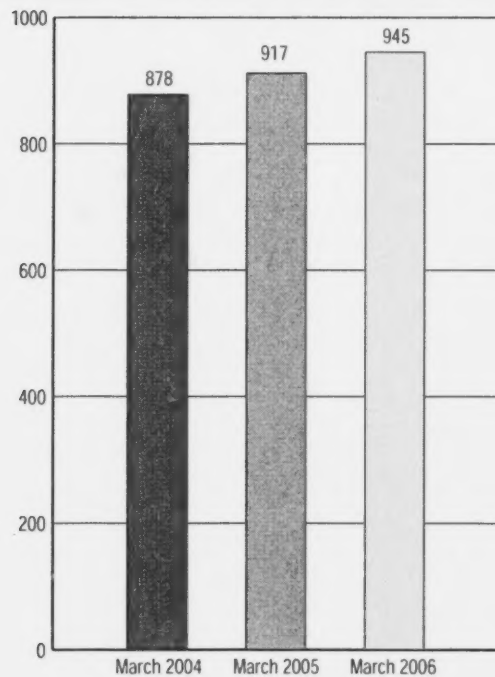
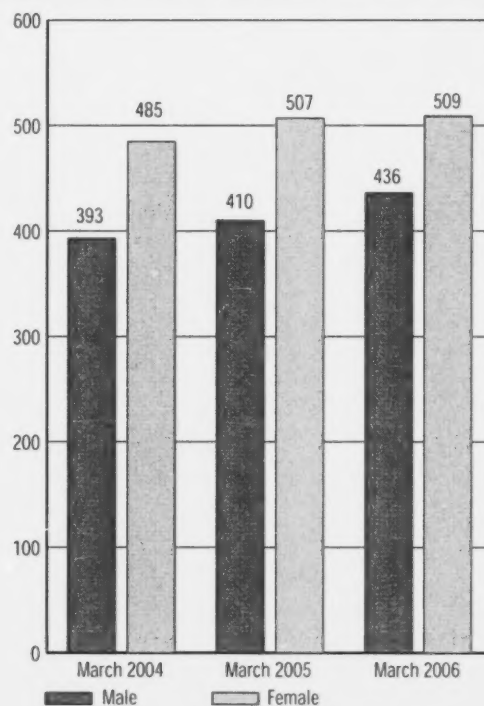
Figure 15 Industrial design disposals



Information statistics

Figure 16 Internet traffic**Figure 17 Enquiries**

Human resources statistics

Figure 18 *Employees by age group***Figure 19** *Total employees***Figure 20** *Employees by gender*

Appendix D

Client service standards

Services	Client service standards	Status as of March 31, 2006
PATENT BRANCH		
• issue filing certificate for patent applications meeting filing requirements	within 4 weeks from date of receipt of the application	3.6 weeks
• issue confirmation of national entry for PCT applications meeting entry requirements	within 7 weeks from date of receipt of the application	8 weeks
• issue an ownership registration certificate	within 6 weeks from date of receipt of documentation	6 weeks
• 80 percent of applications with a request for examination will be waiting for a first substantive examination action (including all known objections to patentability)	less than 30 months	82.4 percent less than 30 months
• issue a patent	within 12 weeks after receipt of final fees	12 weeks
PATENT APPEAL BOARD		
• Patents - contact applicant to arrange hearing date	within 2 months	2 months
• Industrial Designs - contact applicant to arrange hearing date	within 2 months	2 months
TRADE-MARKS BRANCH		
• acknowledge correctly filed new applications	within 7 working days of filing date	6.2 working days
• acknowledge e-commerce applications	within 1 working day	1 working day
• approve acceptable applications / issue first examination reports for unacceptable applications	within 4 months of filing date	5.6 months

Services	Client service standards	Status as of March 31, 2006
TRADE-MARKS OPPOSITION BOARD		
• conduct oral hearings		
- opposition	within 12 months from receipt of request	19 months
- section 45	within 12 months from receipt of request	20 months
• render decisions		
- non-hearing opposition	within 10 months of decision stage	4 months
- non-hearing section 45	within 10 months of decision stage	5 months
COPYRIGHT OFFICE		
• register a copyright and issue certificate		
- for applications received by mail	within 2 weeks from receipt of application and fees	4.2 days
- for applications filed electronically	within 3 working days from receipt of application and fees	1.4 days
- for "accelerated action" applications received by mail	within 3 working days from receipt of application and fees	1.4 days
• register a grant of interest and issue a certificate for a copyright	within 3.5 weeks from receipt of application and fees	7.5 days
INDUSTRIAL DESIGN DIVISION		
• issue filing certificate or issue report indicating application is incomplete	within 4 weeks from receipt of application	3 weeks
• examine application to assess the registrability of the design: allow the design or issue first examiner's report	within 14 months from receipt of application	12.6 months
• issue a certificate of registration	within 1 week of registration date	2 days

Services	Client service standards	Status as of March 31, 2006
CLIENT SERVICE CENTRE (CSC) (INFORMATION BRANCH)		requests are processed within standards 94 percent of the time
• respond to telephone enquiries	within 24 hours	within 24 hours
• respond to voice mail or email	within 2 working days	within 2 working days
• consult with an Information Officer (on-site)	within 10 minutes	within 10 minutes
• respond to general correspondence and fax requests	within 5 working days	within 5 working days
• mail IP kits	within 2 working days	within 2 working days
• provide access to other on-site services	as posted in the CSC	as posted in the CSC
REPRODUCTION AND SALES SECTION (INFORMATION BRANCH)		requests are processed within standards 94 percent of the time
• provide over-the-counter copies		
- small order	within 30 minutes	within 30 minutes
- large order	within 1 working day	within 1 working day
• provide certified copies	within 2 to 5 working days	within 2 to 5 working days

Appendix E

Management team and business development officers

Management team

COMMISSIONER OF PATENTS, REGISTRAR OF TRADE-MARKS AND CHIEF EXECUTIVE OFFICER

David Tobin
Tel.: 819-997-1057
Fax: 819-997-1890
Email: tobin.david@ic.gc.ca

ASSISTANT COMMISSIONER OF PATENTS

Barney de Schneider
Tel.: 819-997-1947
Fax: 819-994-1989
Email: deschneider.barney@ic.gc.ca

EXECUTIVE DIRECTOR, CORPORATE STRATEGIES AND SERVICES

Louis Vadeboncoeur
Tel.: 819-997-2186
Fax: 819-997-1890
Email: vadeboncoeur.louis@ic.gc.ca

SPECIAL ADVISOR TO THE CEO AND ACTING DIRECTOR, CORPORATE STRATEGIES BRANCH

Jacques Hains
Tel.: 819-953-9090
Fax: 819-997-5052
Email: hains.jacques@ic.gc.ca

COUNSEL, LEGAL SERVICES

Alan Troicuk
Tel.: 819-953-3309
Fax: 819-997-1890
Email: troicuk.alan@ic.gc.ca

CORPORATE SECRETARY

Joanne Bergevin
Tel.: 819-953-6132
Fax: 819-997-1890
Email: bergevin.joanne@ic.gc.ca

CHAIRPERSON, PATENT APPEAL BOARD

Michael Gillen
Tel.: 819-997-1263
Fax: 819-997-5052
Email: gillen.michael@ic.gc.ca

DIRECTOR, TRADE-MARKS BRANCH

Doug Kuntze
Tel.: 819-997-2423
Fax: 819-997-1421
Email: kuntze.doug@ic.gc.ca

CHAIRPERSON, TRADE-MARKS OPPOSITION BOARD

Lisa Power
Tel.: 819-997-2469
Fax: 819-994-5092
Email: power.lisa@ic.gc.ca

DIRECTOR, COPYRIGHT AND INDUSTRIAL DESIGN BRANCH

Monique Laurin
Tel.: 819-994-0095
Fax: 819-953-6977
Email: laurin.monique@ic.gc.ca

DIRECTOR, PLANNING, FINANCE AND ADMINISTRATION BRANCH

Graham Frost
Tel.: 819-953-2990
Fax: 819-994-0357
Email: frost.graham@ic.gc.ca

DIRECTOR, INFORMATICS SERVICES BRANCH

Peter St. Germain
Tel.: 819-997-2923
Fax: 819-953-5059
Email: stgermain.peter@ic.gc.ca

DIRECTOR, HUMAN RESOURCES BRANCH
(vacant)

DIRECTOR, INFORMATION BRANCH

Linda Labonté

Tel.: 819-953-3504

Fax: 819-953-6004

Email: labonte.linda@ic.gc.ca

Business development officers

Jean-Marie Paquette

Canadian Intellectual Property Office

Industry Canada

Suite 800, 5 Place Ville-Marie

Montréal QC H3B 2G2

Tel.: 514-496-4739

Fax: 514-283-2247

Email: paquette.jeanmarie@ic.gc.ca

Tom Boyd

Canadian Intellectual Property Office

Industry Canada

c/o Canada-Nova Scotia Business Service Centre

1575 Brunswick Street

Halifax NS B3J 2G1

Tel.: 902-426-6476

Fax: 902-426-6530

Email: boyd.tom@ic.gc.ca

Dumitru Olariu

Canadian Intellectual Property Office

Industry Canada

Suite 603, 880 Ouellette Avenue

Windsor ON N9A 1C7

Tel.: 519-971-2049

Fax: 519-791-1059

Email: olariu.dumitru@ic.gc.ca

